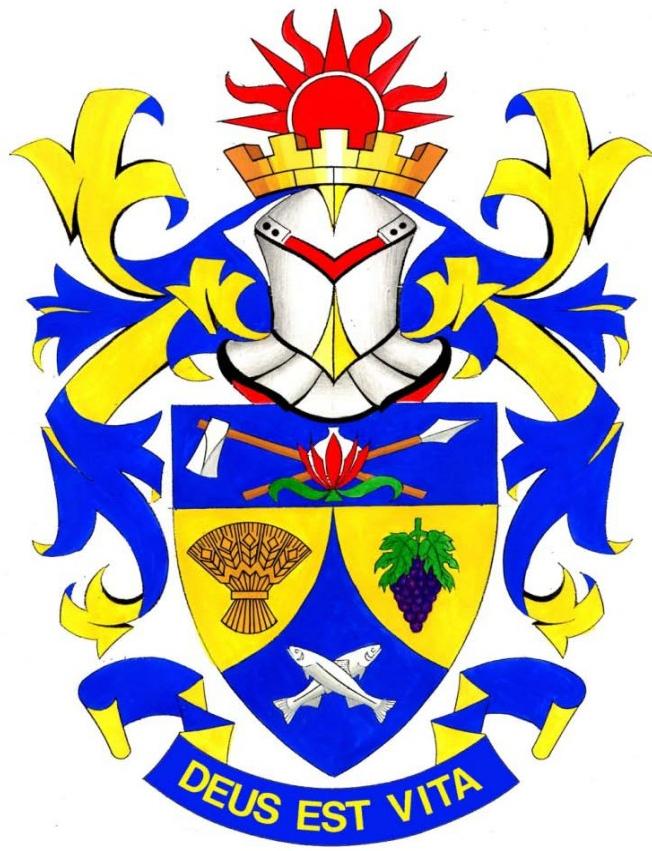


BERGRIVIER

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2014

BERGRIVIER MUNICIPALITY

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BERGRIVIER MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Velddrift, Aurora, Eendekuil and Redelinghuys.

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	EB Manuel
Deputy Executive Mayor	SM Crafford
Executive Councillor	A de Vries
Executive Councillor	RM van Rooy

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

JA van Niekerk

REGISTERED OFFICE

P.O. Box 60
PIKETBERG
7320

AUDITORS

Auditor-General
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

De Villiers Van Zyl
Abdurahman De Villiers
Swemmer & Levin
Jacques Ehlers Prokureurs

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

BERGRIVIER MUNICIPALITY

MEMBERS OF THE BERGRIVIER MUNICIPALITY

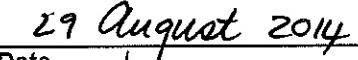
WARD	COUNCILLOR
1	JA Raats
2	WJ Dirks
3	JC Botha
4	RM van Rooy
5	DJ Smith
6	CJ Snyders
7	SM Crafford
Proportional	EB Manuel
Proportional	A de Vries
Proportional	SR Claassen
Proportional	SIJ Smit
Proportional	A Maarmann
Proportional	C Snyders

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 94 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



Adv. H Linde
Municipal Manager



Date

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	2013 R
NET ASSETS AND LIABILITIES			
Net Assets		229 389 494	207 625 037
Capital Replacement Reserve	2	9 556 500	8 721 500
Housing Development Fund	2	563 856	558 273
Accumulated Surplus/(Deficit)		219 269 138	198 345 264
Non-Current Liabilities		115 047 749	100 991 446
Long-term Liabilities	3	55 425 728	49 204 444
Non-current Provisions	4	26 615 238	25 278 482
Non-current Employee Benefits	5	33 006 783	26 508 519
Current Liabilities		40 729 765	32 700 557
Consumer Deposits	6	2 678 978	2 516 101
Current Employee Benefits	7	7 398 238	8 031 971
Payables from exchange transactions	8	19 510 899	18 428 271
Unspent Conditional Government Grants and Receipts	9	7 067 210	197 387
Operating Lease Liability	20.2	-	8 477
Current Portion of Long-term Liabilities	3	4 074 440	3 518 350
Total Net Assets and Liabilities		385 167 008	341 317 039
ASSETS			
Non-Current Assets		290 643 520	276 665 612
Property, Plant and Equipment	12	274 263 220	260 368 444
Investment Property	13	13 588 760	13 588 760
Intangible Assets	14	806 129	837 958
Heritage Assets	15	454 012	454 012
Long-term Receivables	16	1 531 399	1 416 439
Current Assets		94 523 488	64 651 427
Inventory	17	1 912 110	2 377 361
Receivables from exchange transactions	18	36 063 253	29 644 849
Receivables from non-exchange transactions	19	20 026 904	17 948 248
Unpaid Conditional Government Grants and Receipts	9	-	654 703
Operating Lease Asset	20.1	79 199	74 760
Taxes	10.2	310 469	619 794
Current Portion of Long-term Receivables	16	2 415 418	1 981 455
Cash and Cash Equivalents	21	33 716 135	11 350 257
Total Assets		385 167 008	341 317 039

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
REVENUE			
Revenue from Non-exchange Transactions		104 227 937	85 196 015
Taxation Revenue		45 226 662	38 288 444
Property Rates	22	45 226 662	38 288 444
Transfer Revenue		56 175 107	46 368 449
Government Grants and Subsidies	23	56 175 107	46 368 449
Other Revenue		2 826 168	539 122
Fines		2 810 424	539 122
Actuarial Gains	5	15 744	-
Revenue from Exchange Transactions		127 578 301	110 261 910
Service Charges	24	113 011 889	98 668 900
Rental of Facilities and Equipment	25	3 199 894	2 896 780
Interest Earned - external investments	26	1 285 000	550 858
Interest Earned - outstanding receivables	27	3 247 079	2 439 794
Licences and Permits		1 907 375	1 694 453
Income for Agency Services		1 803 158	1 615 365
Other Income	28	3 123 000	2 394 112
Unamortised Discount - Interest		906	1 648
Total Revenue		231 806 238	195 457 925
EXPENDITURE			
Employee related costs	29	(77 010 325)	(72 129 627)
Remuneration of Councillors	30	(4 734 966)	(4 259 364)
Debt Impairment	31	(4 471 753)	(436 583)
Depreciation and Amortisation	32	(14 935 312)	(14 465 757)
Repairs and Maintenance		(4 239 207)	(4 812 271)
Unamortised Discount - Interest		(1 060 052)	(493 106)
Actuarial Losses	5	(3 769 712)	(1 448 695)
Finance Costs	33	(9 589 904)	(8 769 614)
Bulk Purchases	34	(54 464 890)	(49 527 463)
Grants and Subsidies Paid	35	(6 342 310)	(7 286 586)
Other Operating Grant Expenditure	36	(4 068 345)	(2 608 827)
General Expenses	37	(25 941 811)	(21 619 427)
Total Expenditure		(210 628 587)	(187 857 321)
Operating Surplus for the Year		21 177 651	7 600 605
Gains/(Loss) on Sale of Assets	38	586 807	(290)
(Impairment loss)/Reversal of impairment loss	39	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		21 764 458	7 600 315

BERGRIVIER MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Capital Replacement Reserve R	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2012	1 350 405	918 354	197 759 992	200 028 752
Correction of Error - Note 40.10	-	-	(4 030)	(4 030)
Restated balance	1 350 405	918 354	197 755 963	200 024 722
Net Surplus/(Deficit) for the year	-	-	7 600 315	7 600 315
Net Surplus/(Deficit) previously reported	-	-	7 626 722	7 626 722
Effects of Correction of Errors - Note 40.11	-	-	(26 407)	(26 407)
Transfer to/from CRR	11 660 539	-	(11 660 539)	-
Property, Plant and Equipment purchased	(4 289 444)	(339 663)	4 629 107	-
Transfer to Housing Development Fund	-	(20 419)	20 419	-
Restated balance at 30 June 2013	8 721 500	558 273	198 345 264	207 625 037
Net Surplus/(Deficit) for the year	-	-	21 764 458	21 764 458
Transfer to/from CRR	3 615 218	-	(3 615 218)	-
Property, Plant and Equipment purchased	(2 780 218)	-	2 780 218	-
Transfer to Housing Development Fund	-	5 584	(5 584)	-
Balance at 30 June 2014	9 556 500	563 856	219 269 139	229 389 495

BERGRIVIER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		43 105 851	38 231 890
Sale of goods and services		109 477 984	94 923 501
Grants		63 699 633	46 185 696
Investment Income		1 285 000	550 858
Other receipts		7 793 021	9 319 228
Cash payments			
Employee costs		(80 959 196)	(75 391 838)
Suppliers		(93 376 164)	(89 908 180)
Finance costs		(5 618 103)	(5 390 196)
Net Cash from Operating Activities	41	45 408 026	18 520 960
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(29 063 817)	(18 639 545)
Proceeds on Disposal of Fixed Assets		999 259	-
(Increase)/Decrease in Intangible Assets		(146 894)	(451 862)
(Increase)/Decrease in Long-term Receivables		(548 018)	1 011 630
Net Cash from Investing Activities		(28 759 470)	(18 079 777)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		10 443 842	4 049 346
Loans repaid		(4 726 520)	(2 833 270)
Net Cash from Financing Activities		5 717 322	1 216 076
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		22 365 878	1 657 260
Cash and Cash Equivalents at the beginning of the year		11 350 257	9 692 997
Cash and Cash Equivalents at the end of the year	42	33 716 135	11 350 257
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22 365 878	1 657 260

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget		Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget			
			R	R					2014	R		
			R	R	R	R	R	R	R	%		
ASSETS												
Current Assets												
Cash	3 985 071	12 542 025	16 527 096	-	-	-	16 527 096	18 704 320	13.17%			
Call Investment Deposits	-	-	-	-	-	-	-	15 011 815	100.00%			
Consumer Debtors	36 422 692	8 032 536	44 455 228	-	-	-	44 455 228	51 811 951	16.55%			
Other Debtors	5 769 553	(4 208 644)	1 560 909	-	-	-	1 560 909	4 667 874	199.05%			
Current Portion of long-term receivables	-	-	-	-	-	-	-	2 415 418	100.00%			
Inventory	1 764 692	235 308	2 000 000	-	-	-	2 000 000	1 912 110	-4.39%			
Total Current Assets	46.2.1	47 942 007	16 601 225	64 543 233	-	-	64 543 233	94 523 488	46.45%			
Non-Current Assets												
Long-term receivables	-	110 000	110 000	-	-	-	110 000	1 531 399	1292.18%			
Investments	-	-	-	-	-	-	-	-	-			
Investment Property	12 426 630	2 011 337	14 437 967	-	-	-	14 437 967	13 588 760	-5.88%			
Investment in Associates	-	-	-	-	-	-	-	-	-			
Property, Plant and Equipment	265 980 943	1 490 182	267 471 125	-	-	-	267 471 125	274 717 232	2.71%			
Agricultural Assets	-	-	-	-	-	-	-	-	-			
Biological Assets	-	-	-	-	-	-	-	-	-			
Intangible Assets	709 024	167 220	876 244	-	-	-	876 244	806 129	-8.00%			
Other Non-Current Assets	-	-	-	-	-	-	-	-	-			
Total Non-Current Assets	46.2.2	279 116 598	3 778 739	282 895 337	-	-	282 895 337	290 643 520	2.74%			
TOTAL ASSETS		327 058 605	20 379 964	347 438 570	-	-	347 438 570	385 167 008	10.86%			
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-			
Borrowing	3 500 000	(3 500 000)	-	-	-	-	-	4 074 440	100.00%			
Consumer Deposits	2 484 797	(107 382)	2 377 415	-	-	-	2 377 415	2 678 978	12.68%			
Trade and Other Payables	25 845 634	14 759 677	40 605 311	-	-	-	40 605 311	26 578 109	-34.55%			
Provisions	7 501 652	2 139 835	9 641 487	-	-	-	9 641 487	7 398 238	-23.27%			
Total Current Liabilities	46.2.3	39 332 083	13 292 131	52 624 214	-	-	52 624 214	40 729 765	-22.60%			
Non-Current Liabilities												
Borrowing	45 300 313	3 509 390	48 809 704	-	-	-	48 809 704	55 425 728	13.55%			
Provisions	57 316 858	4 845 882	62 162 740	-	-	-	62 162 740	59 622 021	-4.09%			
Total Non-Current Liabilities	46.2.4	102 617 171	8 355 272	110 972 444	-	-	110 972 444	115 047 749	3.67%			
TOTAL LIABILITIES		141 949 254	21 647 403	163 596 658	-	-	163 596 658	155 777 514	-4.78%			
NET ASSETS												
Accumulated Surplus/(Deficit)	172 142 796	(1 483 994)	170 658 802	-	-	-	170 658 802	219 269 139	28.48%			
Reserves	12 966 555	216 555	13 183 110	-	-	-	13 183 110	10 120 356	-23.23%			
Minorities' Interests	-	-	-	-	-	-	-	-	-			
TOTAL NET ASSETS	46.2.5	185 109 351	(1 267 439)	183 841 912	-	-	183 841 912	229 389 495	24.78%			

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome 2014 R	Actual Outcome as % of Final Budget	
								%	
REVENUE									
Property Rates	46 495 569	(635 569)	45 860 000	-	70 000	45 930 000	45 226 662	-1.53%	
Property Rates - Penalties & Collection Charges	-	-	-	-	3 000 000	72 824 000	70 666 603	-2.96%	
Service Charges - Electricity Revenue	70 423 220	(599 220)	69 824 000	-	1 201 000	18 801 000	19 424 350	3.32%	
Service Charges - Water Revenue	19 350 200	(1 750 200)	17 600 000	-	4 000	6 214 000	6 451 830	3.83%	
Service Charges - Sanitation Revenue	5 639 000	571 000	6 210 000	-	25 000	10 504 000	11 786 314	12.21%	
Service Charges - Refuse Revenue	10 035 000	444 000	10 479 000	-	(3 880 000)	4 320 000	4 682 791	8.40%	
Service Charges - Other Revenue	6 993 000	1 207 000	8 200 000	-	(24 000)	2 812 000	3 199 894	13.79%	
Rental of Facilities and Equipment	2 843 000	(7 000)	2 836 000	-	-	900 000	1 285 000	42.78%	
Interest Earned - External Investments	300 000	600 000	900 000	-	-	3 000 000	3 247 079	8.24%	
Interest Earned - Outstanding Debtors	2 700 000	300 000	3 000 000	-	-	-	-	-	
Dividends Received	-	-	-	-	-	-	-	-	
Fines	705 000	148 000	853 000	-	-	853 000	2 810 424	229.48%	
Licences and Permits	1 530 000	(380 000)	1 150 000	-	462 000	1 612 000	1 907 375	18.32%	
Agency Services	1 754 000	(84 000)	1 670 000	-	-	1 670 000	1 803 158	7.97%	
Transfers Recognised - Operational	32 013 500	980 500	32 994 000	-	-	32 994 000	32 866 470	-0.39%	
Other Revenue	2 380 000	1 369 500	3 749 500	-	(858 000)	2 891 500	3 139 650	8.58%	
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)	46.2.6	203 161 490	2 164 010	205 325 500	-	205 325 500	208 497 601	1.54%	
EXPENDITURE									
Employee Related Costs	(81 034 878)	1 385 878	(79 649 000)	-	(177 200)	(79 826 200)	(80 780 037)	1.19%	
Remuneration of Councillors	(4 198 126)	(258 874)	(4 457 000)	-	0	(4 457 000)	(4 734 966)	6.24%	
Debt Impairment	(917 582)	(418)	(918 000)	-	(0)	(918 000)	(4 471 753)	387.12%	
Depreciation and Asset Impairment	(17 225 091)	819 091	(16 406 000)	-	(0)	(16 406 000)	(14 935 312)	-8.96%	
Finance Charges	(9 752 000)	(408 000)	(10 160 000)	-	200 000	(9 960 000)	(9 589 904)	-3.72%	
Bulk Purchases	(55 903 000)	(907 000)	(56 810 000)	-	(50 000)	(56 860 000)	(54 464 890)	-4.21%	
Other Materials	-	-	-	-	-	-	-	-	
Contracted Services	-	-	-	-	-	-	-	-	
Transfers and Grants	(2 566 000)	-	(2 566 000)	-	-	(2 566 000)	(6 342 310)	147.17%	
Other Expenditure	(38 231 890)	(2 578 110)	(40 810 000)	-	27 200	(40 782 800)	(35 309 415)	-13.42%	
Loss on Disposal of PPE	-	-	-	-	-	-	586 807	-	
Total Expenditure	46.2.7	(209 828 566)	(1 947 433)	(211 775 999)	-	(1)	(211 776 000)	(210 041 780)	-0.82%
Surplus/(Deficit)									
Transfers Recognised - Capital	(6 667 076)	216 577	(6 450 499)	-	(1)	(6 450 500)	(1 544 179)	-76.06%	
Contributions Recognised - Capital	20 533 500	8 990 500	29 524 000	-	-	29 524 000	23 308 637	-21.05%	
Contributed Assets	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions	13 866 424	9 207 077	23 073 501	-	(1)	23 073 500	21 764 458	-5.67%	
Taxation	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	13 866 424	9 207 077	23 073 501	-	(1)	23 073 500	21 764 458	-5.67%	
Attributable to Minorities	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality	13 866 424	9 207 077	23 073 501	-	(1)	23 073 500	21 764 458	-5.67%	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	13 866 424	9 207 077	23 073 501	-	(1)	23 073 500	21 764 458	-5.67%	

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget							
								(i.t.o. s28 and s31 of the MFMA)							
								R							
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
Ratepayers and other	168 427 227	(1 040 187)	167 387 040	-	-	167 387 040	160 213 979	-4.29%							
Government - Operating	32 013 500	1 183 000	33 196 500	-	-	33 196 500	32 425 024	-2.32%							
Government - Capital	18 973 482	10 550 518	29 524 000	-	-	29 524 000	31 274 608	5.93%							
Interest	3 000 000	(2 100 000)	900 000	-	-	900 000	1 285 000	42.78%							
Dividends	-	-	-	-	-	-	-	-							
Payments															
Suppliers and Employees	(175 070 828)	(9 965 181)	(185 036 009)	-	-	(185 036 009)	(167 993 050)	-9.21%							
Finance Charges	(13 745 000)	7 436 000	(6 309 000)	-	-	(6 309 000)	(5 618 103)	-10.95%							
Transfers and Grants	(2 566 000)	-	(2 566 000)	-	-	(2 566 000)	(6 342 310)	147.17%							
Net Cash from/(used) Operating Activities	46.2.8	31 032 381	6 064 150	37 096 530	-	37 096 530	45 245 149	21.97%							
CASH FLOW FROM INVESTING ACTIVITIES															
Receipts															
Proceeds on disposal of PPE	-	-	-	-	-	-	999 259	100.00%							
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	-							
Decrease/(Increase) in Other Non-Current Receivables	-	(110 000)	(110 000)	-	-	(110 000)	(548 018)	398.20%							
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-							
Payments															
Capital Assets	(23 219 182)	(8 290 818)	(31 510 000)	-	-	(31 510 000)	(29 210 711)	-7.30%							
Net Cash from/(used) Investing Activities	46.2.9	(23 219 182)	(8 400 818)	(31 620 000)	-	(31 620 000)	(28 759 470)	-9.05%							
CASH FLOW FROM FINANCING ACTIVITIES															
Receipts															
Short Term Loans	-	-	-	-	-	-	-	-							
Borrowing long term/refinancing	1 750 000	-	1 750 000	-	-	1 750 000	10 443 842	496.79%							
Increase/(Decrease) in Consumer Deposits	64 665	(172 047)	(107 382)	-	-	(107 382)	162 877	-251.68%							
Payments															
Repayment of Borrowing	(9 344 632)	7 604 023	(1 740 610)	-	-	(1 740 610)	(4 726 520)	171.54%							
Net Cash from/(used) Financing Activities	46.2.10	(7 529 967)	7 431 976	(97 991)	-	(97 991)	5 880 199	-6100.73%							
NET INCREASE/(DECREASE) IN CASH HELD															
Cash and Cash Equivalents at the year begin:	283 231	5 095 308	5 378 539	-	-	5 378 539	22 365 878	315.84%							
Cash and Cash Equivalents at the year end:	3 701 839	7 648 418	11 350 257	-	-	11 350 257	11 350 257	0.00%							
	3 985 071	12 743 726	16 728 796	-	-	16 728 796	33 716 135	101.55%							

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The standards are summarised as follows:

REFERENCE	TOPIC
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1 (Revised)	Presentation of Financial Statements
GRAP 2 (Revised)	Cash Flow Statements
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7 (Revised)	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9 (Revised)	Revenue from Exchange Transactions
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics
GRAP 11 (Revised)	Construction Contracts
GRAP 12 (Revised)	Inventories

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GRAP 13 (Revised)	Leases
GRAP 14 (Revised)	Events after the reporting date
GRAP 16 (Revised)	Investment Property
GRAP 17 (Revised)	Property, Plant and Equipment
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1 (Revised)	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distribution of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

ASB Guide 1	Guideline on Accounting for Public Private Partnerships
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The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 5 (Revised – Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-Current Assets Held for Sale and Discontinued Operations)	1 April 2014

The Municipality use the following GRAP standard to disclose information in its financial statements:

REFERENCE	TOPIC
GRAP 20	Related Party Disclosures

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.6. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised – Nov 2010)	<p><u>Consolidated and Separate Financial Statements</u></p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p><u>Interest in Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p><u>Segment Reporting</u></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GRAP 106 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Not Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p><u>Mergers</u></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p><u>Consolidation - Special Purpose Entities (SPE)</u></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p><u>Jointly Controlled Entities non-monetary contributions</u></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.8. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.11. LEASES

1.11.1. *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. *Municipality as Lessor*

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:
 - i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. This means:

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

1.17. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads, pavements and bridges	5-50	Buildings	5-50
Storm Water	5-50	Specialist vehicles	2-10
Electricity	5-50	Other vehicles	2-10
Water	3-100	Office equipment	5-30
Sanitation	5-100	Furniture and fittings	5-30
Waste Management	3-50	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and Equipment	5-30
Sports fields and Stadia	5-30		
Housing	20-30	Other plant and	
Security Halls	5 20-30	Equipment	2-5
		Emergency equipment	10
Libraries	20-30	Computer equipment	3
Parks and gardens	20-30		
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		
Cell phones	2		

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.4. *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. *Land and Buildings and Other Assets – application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or

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service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

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1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.20. INVESTMENT PROPERTY

1.20.1. *Initial Recognition*

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	30

1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable.

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Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.22. AGRICULTURE

1.22.1. Initial Recognition

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.22.2. Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.23. HERITAGE ASSETS

1.23.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.23.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

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1.23.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.23.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.23.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.24. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.24.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

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- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.24.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may

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no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.25. INVENTORIES

1.25.1. *Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.25.2. *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.26.1. *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.26.2. *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.26.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for

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which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.26.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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1.26.3. *De-recognition*

1.26.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality’s continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.26.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

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1.26.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.27. REVENUE

1.27.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.27.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the

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individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

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Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.30. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful

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expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service

The cost of post-retirement medical obligations and, long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy 1.27.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.27.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.36. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.37. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.38. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R			
2.	NET ASSET RESERVES					
	RESERVES					
	Capital Replacement Reserve	10 120 356	9 279 773			
	Housing Development Fund	9 556 500 563 856	8 721 500 558 273			
	Total Net Asset Reserve and Liabilities	10 120 356	9 279 773			
2.1	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.					
2.2	The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.					
3.	LONG TERM LIABILITIES					
	Annuity Loans - At amortised cost	53 246 092	47 819 689			
	Capitalised Lease Liability - At amortised cost	516 674	225 755			
	Less: Current Portion transferred to Current Liabilities					
	Annuity Loans - At amortised cost	53 762 766	48 045 444			
	Capitalised Lease Liability - At amortised cost	(4 074 440)	(3 518 350)			
		(3 799 605) (274 835)	(3 368 256) (150 095)			
	Plus: Unamortised charges on loans	49 688 325	44 527 094			
	Balance 1 July	5 737 403	4 677 350			
	Adjustment for the period	4 677 350 1 060 052	4 184 243 493 106			
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	55 425 728	49 204 443			
3.1	The obligations under annuity loans are scheduled below:	Minimum payments				
	Amounts payable under annuity loans:					
	Payable within one year	9 992 488	9 052 079			
	Payable within two to five years	34 297 362	30 433 911			
	Payable after five years	66 759 498	69 816 484			
	Less: Future finance obligations	111 049 348 (57 803 255)	109 302 474 (61 482 786)			
	Present value of annuity loans obligations	53 246 093	47 819 689			
3.2	The obligations under finance leases are scheduled below:	Minimum payments				
	Amounts payable under finance leases:					
	Payable within one year	321 273	169 393			
	Payable within two to five years	252 848	80 802			
	Payable after five years	-	-			
	Less: Future finance obligations	574 121 (57 446)	250 195 (24 440)			
	Present value of finance lease obligations	516 674	225 755			
	The capitalised lease liability consist out of the following contracts:					
	Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
	Telkom SA Ltd	Telephone System	11%	0%	36 Months	30/16/2016
	Auto Page Cellular	Cell Phones	Various	0%	24-28 Months	31/01/2016

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 12

	2014 R	2013 R
4. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	26 615 238	25 278 482
Total Non-current Provisions	26 615 238	25 278 482
4.1 Landfill Sites		
Balance 1 July	25 278 481	26 034 277
Contribution for the year	1 505 083	1 430 857
Change in Provision for Rehabilitation Cost	(48 938)	(2 013 483)
Expenditure for the year	(119 389)	(173 170)
Total provision 30 June	26 615 237	25 278 481
<u>Less:</u> Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	26 615 237	25 278 481

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Porterville	Piketberg	Aurora	Redelinghuys
Area (m ²)	70 000	65 000	12 400	3 900
Length of Storm water (m)	2 200	2 000	290	312
Preliminary and general (Rand)	1 215 357	1 098 462	135 751	143 696
Site Preparation (Rand)	1 083 286	1 005 909	-	60 355
Storm Water Drainage (Rand)	4 333 533	3 891 397	356 548	619 034
Capping (Rand)	2 064 300	1 916 850	221 103	115 011
Other (Rand)	1 230 000	1 062 000	422 000	262 000
Contingencies (Rand)	989 648	894 462	110 540	117 010
Engineering (Rand)	816 459	737 931	91 196	96 533
Construction Monitoring (Rand)	746 400	592 800	34 230	126 000

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	Porterville	Piketberg	Aurora	Redelinghuys
Porterville	30/06/2021	12 478 983	11 864 997		
Piketberg	30/06/2018	11 199 810	10 621 826		
Aurora	30/06/2015	1 371 368	1 325 526		
Redelinghuys	30/06/2024	1 539 636	1 466 132		
		26 589 798	25 278 481		

5. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	28 997 049	22 846 497
Provision for Long Service Awards	4 009 734	3 662 022
Total Non-current Employee Benefits	33 006 783	26 508 519

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	2014 R	2013 R
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	23 640 225	20 367 828
Contribution for the year	3 307 205	2 639 364
Expenditure for the year	(877 009)	(815 552)
Actuarial Loss/(Gain)	3 769 712	1 448 585
Total provision 30 June	29 840 133	23 640 225
Less: Transfer of Current Portion to Current Provisions - Note 7	(843 084)	(793 728)
Balance 30 June	28 997 049	22 846 497

	2014	2013
<u>Long Service Awards</u>		
Balance 1 July	3 997 308	3 541 459
Contribution for the year	803 188	614 131
Expenditure for the year	(310 326)	(158 392)
Actuarial Loss/(Gain)	(15 744)	110
Total provision 30 June	4 474 426	3 997 308
Less: Transfer of Current Portion to Current Provisions - Note 7	(464 691)	(335 286)
Balance 30 June	4 009 735	3 662 022

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	171	162
In-service (employee) non-members	196	195
Continuation members (e.g. Retirees, widows, orphans)	27	27
Total Members	394	384

The liability in respect of past service has been estimated to be as follows:

In-service members	15 045 458	10 732 043
In-service non-members	3 250 734	2 383 705
Continuation members	11 543 941	10 524 477
Total Liability	29 840 133	23 640 225

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
In-service members	8 879 531	7 355 727	5 477 852
In-service non-members	1 972 242	1 725 417	1 202 455
Continuation members	9 516 055	7 926 579	6 625 612
Total Liability	20 367 828	17 007 723	13 305 919

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 753 521, whereas the Interest Cost for the next year is estimated to be R2 700 897.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 %	2013 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	9.18%	8.96%
Health Care Cost Inflation Rate	8.31%	7.70%
Net Effective Discount Rate	0.80%	1.17%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 63 years.		

The amounts recognised in the Statement of Financial Position are as follows:

	2014 R	2013 R
Present value of fund obligations	29 840 133	23 640 225
Fair value of plan assets	-	-
	<hr/>	<hr/>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
	<hr/>	<hr/>
Net liability/(asset)	29 840 133	23 640 225

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	23 640 225	20 367 828
Total expenses	2 430 196	1 823 812
	<hr/>	<hr/>
Current service cost	1 223 747	1 063 477
Interest Cost	2 083 458	1 575 887
Benefits Paid	(877 009)	(815 552)
	<hr/>	<hr/>
Actuarial (gains)/losses	3 769 712	1 448 585
	<hr/>	<hr/>
Present value of fund obligation at the end of the year	29 840 133	23 640 225

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
	<hr/>	<hr/>
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	18.296	11.544	29.840

The effect of movements in the assumptions are as follows:

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	21 782	12 896	34 678	16%
Health care inflation	-1%	15 243	10 389	25 632	-14%
Post-retirement mortality	-1 year	18 969	10 407	30 977	4%
Average retirement age	-1 year	20 101	12 899	31 645	6%
Withdrawal Rate	-10%	15 324	11 544	26 868	10%
	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	1 446 173	2 394 339	3 840 512	16%
Health care inflation	-1%	1 008 679	1 801 105	2 809 784	-15%
Post-retirement mortality	-1 year	1 267 092	2 160 747	3 427 839	4%
Average retirement age	-1 year	1 373 840	220 835	3 581 975	8%
Withdrawal Rate	-50%	1 426 257	2 203 868	3 630 125	10%
				2014 Rm	2013 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				3 769 712	1 448 585
Assets: Gain / (loss)				-	-
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
				2012 Rm	2011 Rm
Liabilities: (Gain) / loss				1 655 114	2 478 639
Assets: Gain / (loss)				(1 161 210)	
5.2 Provision for Long Service Bonuses					
The Long Service Bonus plans are defined benefit plans. As at year end, 367 employees were eligible for Long Service Bonuses.					
The Current-service Cost for the ensuing year is estimated to be R377 825 whereas the Interest Cost for the next year is estimated to be R344 300.					
Key actuarial assumptions used:					
i) Rate of interest					
Discount rate				8.11%	7.48%
General Salary Inflation (long-term)				7.19%	6.82%
Net Effective Discount Rate applied to salary-related Long Service Bonuses				0.85%	0.62%
				2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations				4 474 426	3 997 308
Fair value of plan assets				-	-
				<hr/> 4 474 426	<hr/> 3 997 308
Unrecognised past service cost				-	-
Unrecognised actuarial gains/(losses)				-	-
Present value of unfunded obligations				-	-
				<hr/> 4 474 426	<hr/> 3 997 308

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	3 997 308	3 541 459
Total expenses	492 862	455 739
Current service cost	516 463	386 459
Interest Cost	286 725	227 672
Benefits Paid	(310 326)	(158 392)
Actuarial (gains)/losses	(15 744)	110
Present value of fund obligation at the end of the year	4 474 426	3 997 308

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions			
General salary inflation	1%	4 818	8%
General salary inflation	-1%	4 167	-7%
Average retirement age	-2 yrs	3 848	-14%
Average retirement age	2 yrs	5 044	13%
Withdrawal rates	-50%	5 292	18%

	2014 R	2013 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(15 744)	110
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
Liabilities: (Gain) / loss	307 517	(78 977)	48 764
Assets: Gain / (loss)	-	-	-

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund has a funding level of 99,7% (30 June 2012 - 99,4%).

	2014 R	2013 R
Contributions paid recognised in the Statement of Financial Performance	<u>371 957</u>	<u>341 436</u>

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105,1% (30 June 2012 - 108,0%).

Contributions paid recognised in the Statement of Financial Performance	<u>5 612 310</u>	<u>5 159 537</u>
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	15 586	43 435
Municipal Councillors Pension Fund	212 746	183 257
SAMWU National Provident Fund	1 849 306	1 801 977
	<u>2 077 638</u>	<u>2 028 670</u>

6. CONSUMER DEPOSITS

Water and Electricity	2 678 978	2 516 101
Total Consumer Deposits	<u>2 678 978</u>	<u>2 516 101</u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	2 195 406	1 945 499
Staff Leave	3 895 057	3 532 934
Shortfall in Cape Joint Pension Fund	-	1 424 525
Current Portion of Non-Current Provisions	1 307 775	1 129 014
Current Portion of Post Retirement Benefits - Note 5	843 084	793 728
Current Portion of Long-Service Provisions - Note 5	464 691	335 286
Total Provisions	<u>7 398 238</u>	<u>8 031 971</u>

The movement in current provisions are reconciled as follows:

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
7.1	<u>Staff Bonuses</u>		
Balance at beginning of year		1 945 499	1 813 661
Contribution to current portion		3 831 839	3 513 025
Expenditure incurred		(3 581 932)	(3 381 187)
Balance at end of year		2 195 406	1 945 499
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.			
7.2	<u>Staff Leave</u>		
Balance at beginning of year		3 532 934	3 112 712
Contribution to current portion		751 288	888 971
Expenditure incurred		(389 164)	(468 749)
Balance at end of year		3 895 057	3 532 934
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.			
7.3	<u>Shortfall in Cape Joint Pension Fund</u>		
Balance at beginning of year		1 424 525	1 279 523
Expenditure incurred		96 535	145 001
Restructuring of Defined Benefit Section of Cape Joint Pension Fund - Once-off contribution		(378 811)	-
Restructuring of Defined Benefit Section of Cape Joint Pension Fund - Reversal of prior years' contributions		(1 142 249)	-
Balance at end of year		-	1 424 525
Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision was made for the pro-rata portion owed by the Municipality. The defined benefit section of the Fund was restricted and a once-off contribution was required by municipalities. This once-off contribution was paid by Bergrivier Municipality.			
For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 5 to the Financial Statements.			
8.	PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables		10 688 631	8 840 702
Interest Accrued		44 067	2 370 342
Payments received in advance		2 501 947	1 801 172
Retentions		1 655 042	74 944
Other Creditors		3 984 235	5 650 652
Deposits: Other		636 977	524 481
Correction of Error - Note 40.1		-	(834 022)
Total Trade Payables		19 510 899	18 428 271
Payables are being recognised net of any discounts.			
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.			
The carrying value of trade and other payables approximates its fair value.			
All payables are unsecured.			
Sundry deposits include Hall, Builders and Housing Deposits.			

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants		
National Government Grants	7 067 210	197 387
Provincial Government Grants	4 855 817	-
District Municipality	2 169 242	133 784
Other Sources	42 152	46 952
Correction of Error - Note 40.2	-	-
Less: Unpaid Grants	-	16 651
National Government Grants	-	(654 702)
Provincial Government Grants	-	(2 309 000)
District Municipality	-	(161 702)
Other Sources	-	-
Correction of Error - Note 40.8	-	(535 154)
Total Conditional Grants and Receipts	<u><u>7 067 210</u></u>	<u><u>(457 315)</u></u>

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10. TAXES		
10.1 VAT Payable	-	-
Total VAT Payable	<u><u>-</u></u>	<u><u>-</u></u>
10.2 VAT Receivable	310 469	619 794
Total VAT Receivable	<u><u>310 469</u></u>	<u><u>619 794</u></u>
10.3 Net VAT Receivable/(Payable)	<u><u>310 469</u></u>	<u><u>619 794</u></u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2014

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance		
Infrastructure															
Roads, Pavements & Bridges	51 206 449	-	1 907 718	6 647 455	-	-	59 761 622	16 201 263	-	2 289 114	-	-	18 490 377	41 271 245	
Electricity Transmission & Reticulation	39 372 404	-	814 019	-	-	-	40 186 422	10 808 257	-	1 112 702	-	-	11 920 959	28 265 463	
Water Dams & Reservoirs	44 365 721	-	442 725	-	-	-	44 808 446	11 302 584	-	1 365 499	-	-	12 668 082	32 140 363	
Sewerage Purification	50 798 442	-	16 832 560	-	-	-	67 631 002	8 070 792	-	1 706 396	-	-	9 777 188	57 853 814	
Landfill Sites	25 342 983	-	-	-	-	(48 938)	25 294 045	14 103 165	-	1 313 054	-	-	15 416 219	9 877 826	
Other	1 163 522	-	-	-	-	-	1 163 522	246 751	-	62 298	-	-	309 049	854 472	
	212 249 520	-	19 997 021	6 647 455	-	(48 938)	238 845 058	60 732 811	-	7 849 063	-	-	68 581 875	170 263 183	
Community Assets															
Parks & Gardens	624 541	-	-	-	-	-	624 541	247 301	-	27 628	-	-	274 929	349 613	
Sportfields & Stadia	7 158 945	-	25 119	-	-	-	7 184 064	2 137 132	-	290 172	-	-	2 427 304	4 756 760	
Community Halls	1 479 318	-	-	-	-	-	1 479 318	527 963	-	49 311	-	-	577 274	902 044	
Libraries	4 664 753	-	-	-	-	-	4 664 753	1 027 750	-	125 070	-	-	1 152 819	3 511 933	
Recreational Facilities	14 412 900	-	52 680	-	-	-	14 465 580	3 598 024	-	450 987	-	-	4 049 010	10 416 570	
Clinics	1 484 000	-	-	-	-	-	1 484 000	266 585	-	35 050	-	-	301 635	1 182 365	
Museums & Art Galleries	1 575 630	-	-	-	-	-	1 575 630	391 428	-	44 193	-	-	435 622	1 140 009	
Other	751 757	-	54 041	-	-	-	805 798	114 897	-	22 928	-	-	137 825	667 973	
	32 151 845	-	131 839	-	-	-	32 283 685	8 311 081	-	1 045 337	-	-	9 356 418	22 927 266	
Other Assets															
General Vehicles	9 700 545	-	131 900	-	-	(117 959)	9 714 486	5 188 188	-	1 283 888	-	(92 653)	6 379 423	3 335 063	
Specialised Vehicles	5 035 353	-	-	-	-	-	5 035 353	1 355 738	-	508 571	-	-	1 864 309	3 171 045	
Plant & Equipment	10 753 166	-	264 743	-	-	(766 756)	10 251 153	5 976 986	-	1 063 526	-	(541 344)	6 499 169	3 751 984	
Furniture and Other Office Equipment	6 821 888	-	784 186	-	-	(130 750)	7 475 324	3 832 370	-	1 270 542	-	(83 180)	5 019 732	2 455 592	
Civic Land and Buildings	24 160 815	-	182 935	-	(83 305)	-	24 260 445	3 190 625	-	740 619	-	-	3 931 244	20 329 201	
Other Land and Buildings	50 961 376	-	19 950	-	83 305	-	51 064 631	4 113 503	-	471 337	-	-	4 584 840	46 479 792	
Other	2 191 834	-	275 946	-	-	(24 638)	2 443 143	1 156 437	-	241 599	-	(15 263)	1 382 773	1 060 370	
Leases	589 619	-	627 842	-	-	(411 674)	805 787	389 779	-	282 107	-	(355 823)	316 063	489 724	
	110 214 596	-	2 287 502	-	-	(1 451 776)	111 050 322	25 203 625	-	5 862 189	-	(1 088 263)	29 977 551	81 072 770	
Total	354 615 961	-	22 416 362	6 647 455	-	(1 500 714)	382 179 064	94 247 518	-	14 756 589	-	(1 088 263)	107 915 844	274 263 220	

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance		
Infrastructure															
Roads, Pavements & Bridges	49 926 437	(967 554)	2 247 566	-	-	-	51 206 449	14 299 771	-	1 901 492	-	-	16 201 263	35 005 186	
Electricity Transmission & Reticulation	39 097 018	-	275 385	-	-	-	39 372 404	9 729 600	-	1 078 656	-	-	10 808 257	28 564 147	
Water Dams & Reservoirs	42 891 931	-	623 177	850 613	-	-	44 365 721	10 063 042	-	1 239 542	-	-	11 302 584	33 063 137	
Sewerage Purification	40 149 417	-	299 026	10 350 000	-	-	50 798 442	6 403 577	-	1 667 215	-	-	8 070 792	42 727 650	
Landfill Sites	26 850 006	-	506 460	-	-	(2 013 483)	25 342 983	12 796 121	-	1 307 044	-	-	14 103 165	11 239 819	
Other	1 163 522	-	-	-	-	-	1 163 522	169 160	-	77 592	-	-	246 751	916 770	
	200 078 331	(967 554)	3 951 614	11 200 613	-	(2 013 483)	212 249 520	53 461 271	-	7 271 540	-	-	60 732 811	151 516 709	
Community Assets															
Parks & Gardens	832 011	(207 470)	-	-	-	-	624 541	281 915	(69 157)	34 543	-	-	247 301	377 240	
Sportfields & Stadia	7 089 195	-	69 750	-	-	-	7 158 945	1 853 936	-	283 197	-	-	2 137 132	5 021 813	
Community Halls	1 479 318	-	-	-	-	-	1 479 318	478 653	-	49 311	-	-	527 963	951 355	
Libraries	4 664 753	-	-	-	-	-	4 664 753	902 680	-	125 070	-	-	1 027 750	3 637 003	
Recreational Facilities	14 412 900	-	-	-	-	-	14 412 900	3 147 037	-	450 987	-	-	3 598 024	10 814 877	
Clinics	1 484 000	-	-	-	-	-	1 484 000	231 535	-	35 050	-	-	266 585	1 217 415	
Museums & Art Galleries	1 575 630	-	-	-	-	-	1 575 630	347 235	-	44 193	-	-	391 428	1 184 202	
Other	751 757	-	-	-	-	-	751 757	99 175	-	15 722	-	-	114 897	636 860	
	32 289 565	(207 470)	69 750	-	-	-	32 151 845	7 342 166	(69 157)	1 038 072	-	-	8 311 081	23 840 764	
Other Assets															
General Vehicles	9 214 407	(18 336)	504 474	-	-	-	9 700 545	3 853 987	(17 587)	1 351 788	-	-	5 188 188	4 512 357	
Specialised Vehicles	4 496 383	-	538 970	-	-	-	5 035 353	954 962	-	400 777	-	-	1 355 738	3 679 615	
Plant & Equipment	10 027 773	(280 028)	1 006 869	-	-	(1 449)	10 753 166	4 619 141	(210 783)	1 570 078	(290)	(1 159)	5 976 986	4 776 180	
Furniture and Other Office Equipment	6 510 638	(48 442)	359 692	-	-	-	6 821 888	2 550 975	(30 885)	1 322 243	(9 963)	-	3 832 370	2 989 518	
Civic Land and Buildings	24 461 690	-	153 137	-	(454 012)	-	24 160 815	2 962 230	-	364 598	(136 204)	-	3 190 625	20 970 190	
Other Land and Buildings	47 770 912	3 051 674	138 790	-	-	-	50 961 376	3 646 507	(3 465)	470 461	-	-	4 113 503	46 847 873	
Other	1 645 324	(19 780)	566 290	-	-	-	2 191 834	810 459	(12 668)	348 393	10 253	-	1 156 437	1 035 397	
Leases	440 273	-	149 346	-	-	-	589 619	227 890	-	161 889	-	-	389 779	199 840	
	104 567 401	2 685 088	3 417 568	-	(454 012)	(1 449)	110 214 596	19 626 150	(275 388)	5 990 226	(136 204)	(1 159)	25 203 625	85 010 971	
Total	336 935 297	1 510 064	7 438 933	11 200 613	(454 012)	(2 014 932)	354 615 961	80 429 587	(344 545)	14 299 839	(136 204)	(1 159)	94 247 518	260 368 444	

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
12.3 Assets pledged as security:		
Leased Property, Plant and Equipment of R489 724 (2013: R199 840) is secured for leases as set out in Note 3.		
13. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	13 588 760	13 588 760
Cost	13 588 760	14 021 760
Correction of Error - Note 40.4	-	(433 000)
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Acquisitions	-	-
Depreciation for the year	-	-
Net Carrying amount at 30 June	13 588 760	13 588 760
Cost	13 588 760	13 588 760
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Revenue derived from the rental of investment property	<u>148 933</u>	<u>70 161</u>
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
14. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	837 958	552 014
Cost	1 477 022	1 025 159
Accumulated Amortisation	(639 064)	(473 145)
Acquisitions	146 894	451 862
Amortisation	(178 723)	(165 918)
Net Carrying amount at 30 June	806 129	837 958
Cost	1 623 916	1 477 022
Accumulated Amortisation	(817 786)	(639 064)

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
15. HERITAGE ASSETS		
Net Carrying amount at 1 July	454 012	-
Cost	454 012	-
Accumulated Impairment Loss	-	-
Transfer from/(to) Property, Plant and Equipment - Note 12.2	-	454 012
Cost	-	454 012
Accumulated Depreciation	-	(136 204)
Correction of Error - Note 40.5	-	136 204
Depreciation	-	(15 134)
Correction of Error - Note 40.5	-	15 134
Net Carrying amount at 30 June	454 012	454 012
Cost	454 012	454 012
Accumulated Impairment Loss	-	-

There are no Heritage Assets pledged as security for liabilities

	2014	2013
16. LONG TERM RECEIVABLES		
Receivables with repay arrangements - At amortised cost	3 509 790	3 272 426
Sport Club Loans - At amortised cost	-	12 464
Housing Loans - At amortised cost	437 028	113 909
	<hr/>	<hr/>
Less: Unamortised Discount on Loans	-	(906)
Balance 1 July	(906)	(2 553)
Adjustment for the period	906	1 648
	<hr/>	<hr/>
Less: Current portion transferred to current receivables	-	3 397 894
Receivables with repay arrangements - At amortised cost	(2 415 418)	(1 981 455)
Sport Club Loans - At amortised cost	(2 091 418)	(1 855 081)
Housing Loans - At amortised cost	-	(12 464)
	<hr/>	<hr/>
Less: Provision for Impairment of Long Term Receivables	-	(113 909)
Total Long Term Receivables	1 531 399	1 416 439
	<hr/>	<hr/>

Debtors with a total outstanding balance of R3 509 790 (2013 - R3 272 426) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 418 372 (2013 - R1 417 345) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

	2014	2013
17. INVENTORY		
Fuel - At cost	226 191	192 600
Water - At purification cost	74 414	73 312
Spare Parts - At cost	1 611 506	2 111 449
	<hr/>	<hr/>
Total Inventory	1 912 110	2 377 361
	<hr/>	<hr/>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Inventory recognise as an expense during the year:

Spare Parts - At cost	1 108 910	2 227 244
	<hr/>	<hr/>

No inventory assets were pledged as security for liabilities.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
18. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	10 892 471	8 067 038
Water	7 523 610	5 919 312
Housing Rentals	83 306	128 084
Refuse	8 897 938	7 070 577
Sewerage	5 810 357	4 441 910
Other Arrears	8 549 810	9 283 912
Correction of Error - Note 40.6	-	(438)
Total: Receivables from exchange transactions (before provision)	41 757 492	34 910 395
Less: Provision for Debt Impairment	(5 694 238)	(5 265 546)
Total: Receivables from exchange transactions (after provision)	36 063 253	29 644 849

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	5 079 912	4 486 635
31 - 60 Days	1 908 906	896 340
61 - 90 Days	754 415	250 398
+ 90 Days	3 149 239	2 433 666
Total	10 892 471	8 067 038

(Water): Ageing

Current (0 - 30 days)	1 333 334	1 227 212
31 - 60 Days	917 393	586 675
61 - 90 Days	416 794	321 864
+ 90 Days	4 856 090	3 783 561
Total	7 523 610	5 919 312

(Housing): Ageing

Current (0 - 30 days)	3 791	3 791
31 - 60 Days	1 897	2 226
61 - 90 Days	1 707	1 804
+ 90 Days	75 911	120 263
Total	83 306	128 084

(Refuse): Ageing

Current (0 - 30 days)	1 302 838	1 111 347
31 - 60 Days	661 799	500 782
61 - 90 Days	407 824	293 850
+ 90 Days	6 525 477	5 164 598
Total	8 897 938	7 070 577

(Sewerage): Ageing

Current (0 - 30 days)	799 049	653 818
31 - 60 Days	421 962	310 060
61 - 90 Days	272 452	190 083
+ 90 Days	4 316 894	3 287 949
Total	5 810 357	4 441 910

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<u>(Other): Ageing</u>		
Current (0 - 30 days)	4 114 981	4 849 747
31 - 60 Days	172 179	220 553
61 - 90 Days	140 039	169 722
+ 90 Days	4 122 611	4 043 452
Total	8 549 810	9 283 474

<u>(Total): Ageing</u>		
Current (0 - 30 days)	12 633 905	12 332 550
31 - 60 Days	4 084 135	2 516 636
61 - 90 Days	1 993 230	1 227 721
+ 90 Days	23 046 222	18 833 488
Total	41 757 492	34 910 395

<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	5 265 546	6 363 751
Contribution to provision	525 456	-
VAT on provision	232 162	(19 287)
Bad Debts written off against provision	(328 927)	(914 194)
Reversal of provision	-	(164 724)
Balance at end of year	5 694 238	5 265 546

The total amount of this provision is R5 694 238 and consist of:

Services	4 868 863	3 251 675
Other Debtors	825 375	2 013 871
Total Provision for Debt Impairment on Receivables from exchange transactions		
	5 694 238	5 265 546

Ageing of amounts past due but not impaired:

1 month past due	4 084 135	2 516 636
2+ months past due	19 345 214	14 795 663
	23 429 349	17 312 299

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	26 371 098	24 250 288
Fines	2 612 593	-
Other Receivables	1 665 613	463 433
Other Receivables	1 665 613	463 433
Correction of Error - Note 40.7	-	(89 368)
Less: Provision for Debt Impairment	30 649 304	24 624 352
Total Receivables from non-exchange transactions	(10 622 400)	(6 676 104)
	20 026 904	17 948 248

The fair value of other receivables approximate their carrying value.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

	2014 R	2013 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	3 784 949	2 923 240
31 - 60 Days	2 519 601	928 638
61 - 90 Days	847 900	1 898 719
+ 90 Days	19 218 649	18 499 691
Total	26 371 098	24 250 288

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	6 676 104	6 074 797
Contribution to provision	3 946 296	601 307
Bad Debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	10 622 400	6 676 104

The total amount of this provision is R10 622 400 and consist of:

Taxes	8 451 985	6 676 104
Fines	2 170 415	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	10 622 400	6 676 104

Ageing of amounts past due but not impaired:

1 month past due	3 784 949	2 923 240
2+ months past due	8 178 800	11 727 703
	11 963 749	14 650 943

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20. OPERATING LEASE ARRANGEMENTS

20.1 The Municipality as Lessor

Operating Lease Asset	79 199	74 760
<u>Reconciliation</u>		

Balance at the beginning of the year	74 760	58 417
Correction of Error - Note 40.9	-	11 159
Movement during the year	4 440	5 184
Balance at the end of the year	79 200	74 760

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Up to 1 Year	249 747	230 269
1 to 5 Years	549 676	536 032
More than 5 Years	1 362 639	1 315 642
Total Operating Lease Arrangements	2 162 062	2 081 943

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

20.2 The Municipality as Lessee

Operating Lease Liability	-	8 477

Reconciliation

Balance at the beginning of the year	8 477	15 152
Movement during the year	(8 477)	(6 675)
Balance at the end of the year	-	8 477

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	25 937
1 to 5 Years	-	-
More than 5 Years	-	-
	-	25 937

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

21. BANK ACCOUNTS

21.1 Cash and Cash Equivalents

Current Accounts	18 691 750	11 338 987
Call Investments Deposits	15 011 815	-
Cash Floats	12 570	11 270
	33 716 135	11 350 257

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):	18 690 150	11 327 242
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):	1 600	11 745
	18 691 750	11 338 987

Call Investment Deposits

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):	5 003 630	-
Nedbank - Account Number 03/7881004312/000017 (32 Day Deposit):	5 004 110	-
Investec - Account Number 459271 (Fixed Deposit):	5 004 075	-
	15 011 815	-

Details of current accounts are as follow:

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):		
Cash book balance at beginning of year	11 327 242	9 622 237
Cash book balance at end of year	<u>18 690 150</u>	<u>11 327 242</u>
Bank statement balance at beginning of year		
Bank statement balance at end of year	11 011 674	9 492 184
	<u>18 021 019</u>	<u>11 011 674</u>
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):		
Cash book balance at beginning of year	11 745	9 062
Cash book balance at end of year	<u>1 600</u>	<u>11 745</u>
Bank statement balance at beginning of year	11 745	9 062
Bank statement balance at end of year	<u>1 600</u>	<u>11 745</u>
Details of call investment accounts are as follow:		
ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>5 003 630</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>5 003 630</u>	<u>-</u>
Nedbank - Account Number 03/7881004312/000017 (32 Day Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>5 004 110</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>5 004 110</u>	<u>-</u>
Investec - Account Number 459271 (Fixed Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>5 004 075</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>5 004 075</u>	<u>-</u>

22. PROPERTY RATES

<u>Actual</u>		
Rateable Land and Buildings	47 880 456	40 212 304
Less: Rebates	(2 653 794)	(1 923 859)
Total Assessment Rates	<u>45 226 662</u>	<u>38 288 444</u>
<u>Valuations - 1 July 2013</u>		
Rateable Land and Buildings	8 114 758 200	6 978 479 277
Residential Property	3 852 649 000	3 873 957 811
Commercial Property	563 837 000	466 952 200
Industrial Property	231 081 000	187 275 830
Public Benefits Organisations	207 782 000	180 281 895
Agricultural Purposes	3 173 214 200	2 178 274 199
State - National/ Provincial Services	4 670 000	3 885 000
Municipal Property	81 525 000	87 852 342
Total Assessment Rates	<u>8 114 758 200</u>	<u>6 978 479 277</u>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
Basic Rate		
Residential	0.851c/R	0.788c/R
Commercial/Industrial	0.936c/R	0.8668c/R
Agricultural	0.213c/R	0.158c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on residential used solely for dwellings purposes as follows:

Residential - R5 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2014	2013
	R	R
23. GOVERNMENT GRANTS AND SUBSIDIES		
<u>Unconditional</u>		
Equitable Share	24 815 000	22 679 000
<u>Conditional</u>		
Grants and Donations	31 360 107	23 689 449
Subsidies	31 360 107	23 689 449
Total Government Grants and Subsidies	<u>56 175 107</u>	<u>46 368 449</u>
Government Grants and Subsidies - Operating	32 866 470	35 097 822
Government Grants and Subsidies - Capital	23 308 637	11 270 626
Total Government Grants and Subsidies	<u>56 175 107</u>	<u>46 368 449</u>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	24 815 000	22 679 000
Council	1 277 600	891 295
Electricity	-	4 200 000
Financial Administration	2 002 282	1 329 566
Housing	6 129 041	829 444
Library	4 018 000	3 640 000
Roads and Storm water	1 053 000	896 000
Sewerage	16 365 860	11 799 000
Sport grounds & Swimming Pools	405 000	104 145
Water	109 323	-
Total Government Grants and Subsidies	<u>56 175 107</u>	<u>46 368 449</u>
23.1 <u>Equitable Share</u>		
Opening balance	-	(2 309 000)
Correction of Error	-	2 309 000
Grants received	24 815 000	22 679 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(24 815 000)	(22 679 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	(18 492)
Correction of Error	-	-
Grants received	1 300 000	1 250 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 283 598)	(1 196 166)
Conditions met - Capital	(16 402)	(35 342)
Conditions still to be met	-	-
	=====	=====

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Systems Improvement Grant (MSIG)

Opening balance	-	(2 795)
Correction of Error	-	-
Grants received	890 000	800 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(742 064)	(277 323)
Conditions met - Capital	(147 936)	(519 882)
Conditions still to be met	-	-
	=====	=====

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.4 Municipal Infrastructure Grant (MIG)

Opening balance	-	-
Correction of Error	-	-
Grants received	21 331 000	11 799 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(1 449 000)
Conditions met - Capital	(16 475 183)	(10 350 000)
Conditions still to be met	4 855 817	-
	=====	=====

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

23.5 Expanded Public Works Programme

Opening balance	-	-
Correction of Error	-	-
Grants received	1 000 000	896 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 000 000)	(896 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	=====	=====

The grant was used for job creation.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
23.6	<u>Integrated National Electrification (Municipal)</u>		
Opening balance		-	-
Correction of Error		-	-
Grants received		-	4 200 000
Interest received		-	-
Repaid to National Revenue Fund		-	-
Conditions met - Operating		-	(4 200 000)
Conditions met - Capital		-	-
Conditions still to be met		<hr/>	<hr/>
		<hr/>	<hr/>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			
23.7	<u>Housing Grant</u>		
Opening balance		(161 702)	(8 036)
Correction of Error		-	-
Grants received		8 211 833	667 696
Interest received		-	-
Repaid to National Revenue Fund		-	-
Conditions met - Operating		-	(481 699)
Conditions met - Capital		(6 101 678)	(339 663)
Conditions still to be met		<hr/>	<hr/>
		<hr/>	<hr/>
The Housing grant was utilised for the development of erven and the erection of top structures.			
23.8	<u>CDW Contribution</u>		
Opening balance		-	40 090
Correction of Error		-	-
Grants received		32 800	54 000
Interest received		-	-
Repaid to National Revenue Fund		-	-
Conditions met - Operating		(32 800)	(94 090)
Conditions met - Capital		-	-
Conditions still to be met		<hr/>	<hr/>
		<hr/>	<hr/>
The CDW Contribution was used to finance the activities of Community Development Workers.			
23.9	<u>Housing Consuming Education</u>		
Opening balance		31 842	39 924
Correction of Error		-	-
Grants received		-	-
Interest received		-	-
Repaid to National Revenue Fund		-	-
Conditions met - Operating		(25 693)	(8 082)
Conditions met - Capital		(1 670)	-
Conditions still to be met		<hr/>	<hr/>
		<hr/>	<hr/>
The Housing Consuming Education Grant was used for public awareness programs.			
23.10	<u>Finance Management Grant</u>		
Opening balance		118 593	-
Correction of Error		1 050 000	16 651
Grants received		-	200 000
Interest received		-	-
Repaid to National Revenue Fund		-	-
Conditions met - Operating		(938 119)	(72 319)
Conditions met - Capital		(14 163)	(25 739)
Conditions still to be met		<hr/>	<hr/>
		<hr/>	<hr/>
The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain database cleansing, risk management and internal audit services.			

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.11 <u>Proclaimed Roads</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	53 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(53 000)	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
The grant was used for maintenance of provincial roads.		
23.12 <u>Development of Sport and Recreation</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	405 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(405 000)	-
Conditions still to be met	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
The grant was used for installing of flood lights at Redelinghuys sport grounds.		
23.13 <u>Mandela Memorialisation Support Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	100 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(100 000)	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
The grant was used for transport to Nelson Mandela memorial service in Cape Town.		
23.14 <u>Library Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	4 018 000	3 640 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3 871 396)	(3 640 000)
Conditions met - Capital	(146 604)	-
Conditions still to be met	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
The grant was used for appointment of library staff and operating costs.		
23.15 <u>West Coast DM - LED</u>		
Opening balance	46 952	46 952
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(4 800)	-
Conditions met - Capital	-	-
Conditions still to be met	42 152	46 952
	<hr/>	<hr/>
	<hr/>	<hr/>
The grant was used for Local Economic Development facilitation.		

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.16 <u>Lotto: Piketberg Sport Field</u>		
Opening balance	(493 000)	(535 154)
Correction of Error	-	42 154
Grants received	493 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	(493 000)
	<hr/> <hr/>	<hr/> <hr/>
The grant is for the developing of a sport field at Piketberg.		
23.17 <u>Lotto: Zuurvlakte Sport Field</u>		
Opening balance	-	75 481
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(75 481)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/> <hr/>	<hr/> <hr/>
The grant was used to develop a sport field at Zuurvlakte.		
23.18 <u>Lotto: Plant Trees</u>		
Opening balance	-	28 663
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(28 663)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/> <hr/>	<hr/> <hr/>
The grant was used to plant trees in the Bergrivier area.		
23.19 <u>Total Grants</u>		
Opening balance	(457 316)	(2 642 367)
Correction of Error	-	2 367 805
Grants received	63 699 633	46 185 696
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(32 866 470)	(35 097 822)
Conditions met - Capital	(23 308 637)	(11 270 626)
Conditions still to be met/(Grant expenditure to be recovered)	<hr/> <hr/>	<hr/> <hr/>
	7 067 210	(457 315)
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	7 067 210	197 387
Unpaid Conditional Government Grants and Receipts	-	(654 702)
Total	<hr/> <hr/>	<hr/> <hr/>
	7 067 210	(457 315)

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
24. SERVICE CHARGES		
Electricity	70 920 005	63 350 281
Service Charges	74 317 445	66 497 785
<u>Less:</u> Income Forgone	(3 397 440)	(3 147 504)
Water	19 585 730	16 148 212
Service Charges	20 993 747	19 209 791
<u>Less:</u> Income Forgone	(1 408 016)	(3 061 579)
Refuse Removal	14 078 809	12 054 460
Service Charges	17 425 487	15 317 050
<u>Less:</u> Income Forgone	(3 346 679)	(3 262 590)
Sewerage and Sanitation Charges	8 427 345	7 115 948
Service Charges	10 699 223	9 308 779
<u>Less:</u> Income Forgone	(2 271 878)	(2 192 831)
Total Service Charges	113 011 889	98 668 900
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	3 199 894	2 779 581
Correction of Error - Note 40.11	-	117 199
Total Rental of Facilities and Equipment	3 199 894	2 896 780
26. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1 285 000	550 858
Total Interest Earned - External Investments	1 285 000	550 858
27. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Receivables	3 247 079	2 439 794
Total Interest Earned - Outstanding Receivables	3 247 079	2 439 794
28. OTHER INCOME		
Admin Fees	6 820	8 519
Cemetery	238 534	215 017
Land Sales	240 195	-
Photocopies	47 564	39 939
Private Works	1 804	7 729
Restructuring of Defined Benefit Section of Cape Joint Pension Fund	1 142 249	-
Sale of Refuse Bags	3 566	4 690
Search Fee	132	-
Sundry Income	1 419 713	2 092 123
Surplus Cash	2 585	1 489
Swimming Pools	19 838	24 606
Total Other Income	3 123 000	2 394 112

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
29. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	51 083 856	47 875 219
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12 811 225	11 948 317
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 385 341	3 299 065
Housing Benefits and Allowances	471 812	486 558
Overtime Payments	2 934 755	2 699 436
Bonuses	3 831 839	3 513 025
Provision for leave	751 288	888 971
Contribution to provision - Long Service Awards - Note 5	516 463	386 459
Contribution to provision - Post Retirement Medical - Note 5	1 223 747	1 063 477
Correction of Error - Note 40.11	-	(30 898)
	<u>77 010 325</u>	<u>72 129 627</u>
<u>Less:</u> Employee Costs allocated elsewhere	<u>-</u>	<u>-</u>
Total Employee Related Costs	<u>77 010 325</u>	<u>72 129 627</u>
KEY MANAGEMENT PERSONNEL		
Only the Municipal Manager are appointed on a fixed contract. Other Key management personnel are permanent appointments with performance contracts.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Adv H Linde (Current)</i>		
Annual Remuneration	903 255	511 073
Travelling Allowance	130 469	53 088
Contributions to UIF, Medical and Pension Funds	229 003	122 611
Total	<u>1 262 727</u>	<u>686 772</u>
<i>Remuneration of the Municipal Manager - Mrs EC Liebenberg (Former)</i>		
Annual Remuneration	-	232 997
Car Allowance	-	27 975
Housing Subsidy	-	41 126
Service Bonus	-	51 687
Leave	-	35 326
Contributions to UIF, Medical and Pension Funds	-	64 471
Total	<u>-</u>	<u>453 583</u>
<i>Remuneration of the Chief Financial Officer - Mr JA van Niekerk</i>		
Annual Remuneration	567 598	543 632
Car Allowance	104 536	109 033
Housing Subsidy	85 140	77 847
Service Bonus	47 300	44 032
Leave	91 180	-
Contributions to UIF, Medical and Pension Funds	160 615	151 756
Total	<u>1 056 369</u>	<u>926 299</u>
<i>Remuneration of Director : Corporate Services - Mr JWA Kotzee</i>		
Annual Remuneration	570 985	631 713
Car Allowance	97 191	66 192
Housing Subsidy	84 034	64 137
Service Bonus	-	-
Contributions - UIF, Medical, Pension	209 787	186 141
Total	<u>961 997</u>	<u>948 184</u>
<i>Remuneration of Director : Community Services - Mr D Lambrechts (Former)</i>		
Annual Remuneration	-	126 789
Car Allowance	-	20 091
Housing Subsidy	-	19 018
Service Bonus	-	10 561
Leave	-	111 682
Contributions - UIF, Medical, Pension	-	37 712
Total	<u>-</u>	<u>325 854</u>

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Remuneration of Director : Technical Services - Mr H Krohn		
Annual Remuneration	572,911	534,837
Car Allowance	101,605	89,806
Housing Subsidy	85,937	78,575
Service Bonus	47,743	37,036
Contributions - UIF, Medical, Pension	159,207	151,946
Total	967,403	892,202

30. REMUNERATION OF COUNCILLORS

JA Raals	559,133	517,839
WJ Dirks	222,287	183,632
JC Botha	274,311	243,439
RM van Rooy	509,512	449,460
DJ Adams (Former)	8,008	187,673
DJ Smith	200,623	-
CJ Snyders	260,090	222,034
SM Craford	573,823	552,692
EB Manuel	706,856	680,608
A de Vries	512,793	451,660
SR Claassen	234,372	209,695
SIJ Smilt	222,287	183,632
A Maarmann	224,550	192,307
C Snyders	226,320	184,693
Total Councillors' Remuneration	4,734,966	4,259,364

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	425,898	148,877	52,626	79,455	706,856
Deputy-Mayor	352,739	119,102	50,439	51,543	573,823
Speaker	334,980	119,102	37,064	67,987	559,133
Executive Committee Members	824,646	111,658	37,680	48,321	1,022,305
Councillors	1,338,512	231,243	198,770	104,325	1,872,849
Total Councillors' Remuneration	3,276,776	729,980	376,679	351,631	4,734,966

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager

31. DEBT IMPAIRMENT

Receivables from exchange transactions - Note 18	757,619	(184,011)
Receivables from non-exchange transactions - Note 19	3,946,296	601,307
	<hr/>	<hr/>
	4,703,915	417,296
Less: VAT Portion on Debt Impairment	(232,162)	19,287
Total Debt Impairment	4,471,753	436,684
	<hr/>	<hr/>

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
32. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	14 756 589	14 299 839
Intangible Assets	178 723	165 918
Investment Property	-	-
Heritage Assets	-	15 134
Correction of Error - Note 40.11	-	(15 134)
Total Depreciation and Amortisation	14 935 312	14 465 757
33. FINANCE COSTS		
Long-term Liabilities	5 618 103	5 390 196
Non-current Provisions	1 505 083	1 430 857
Non-current Employee Benefits	2 370 183	1 803 559
Employee Benefits	96 535	145 001
Total Finance Costs	9 589 904	8 769 614
34. BULK PURCHASES		
Electricity	50 390 545	50 212 465
Water	4 074 345	4 208 372
Correction of Error - Note 40.11	-	(4 893 373)
Total Bulk Purchases	54 464 890	49 527 463
35. GRANTS AND SUBSIDIES PAID		
Grants-in-aid and Donations	2 560 962	2 393 212
Free Basic Services	3 781 348	-
Correction of Error - Note 40.11	-	4 893 373
Total Grants and Subsidies	6 342 310	7 286 586
36. OTHER OPERATING GRANT EXPENDITURE		
Operating Grant Expenditure per department		
Executive & Council	1 129 664	371 413
Budget & Treasury	1 886 275	1 303 826
Housing	25 693	829 444
Sport & Recreation	-	104 145
Road Transport	1 026 713	-
Total Operating Grant Expenditure	4 068 345	2 608 827
37. GENERAL EXPENSES		
Advertisement	649 217	578 874
Audit Fees	2 459 424	2 504 076
Bank Charges	275 444	307 856
Books	10 221	19 871
Cemetery	-	1 847
Chemicals	518 698	532 984
Fuel	2 932 182	2 638 854
Impact Studies	534 230	478 650
Insurance	683 359	1 040 155
Legal Fees	326 339	264 821
Licensing	460 949	465 954
Lost Books	8 681	12 744
Materials	1 466 815	955 401
Membership Fees	714 227	610 082
Planning and Development	49 532	95 830
Postage	498 689	420 008
Printing	136 947	52 380
Professional Fees	7 464 734	5 222 723
Protective Clothing	361 804	292 799
Refuse Bags	763 734	413 856
Rent Equipment	112 909	146 040
Sport Fields	90 849	99 622
Stationery	703 003	548 437
Sundries	1 142 766	533 956

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		1 227 509	1 250 589
Telephone Costs		809 089	718 694
Training		556 058	451 569
Travel and Entertainment		21 376	590
Trees		40 981	28 492
Unions		708 504	707 330
Valuations		13 479	1 750
Fertilizer			
Total General Expenses		25 941 811	21 619 427
		2014 R	2013 R
38. GAIN/ (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		586 807	(290)
Total Gain/ (Loss) on Sale of Assets		586 807	(290)
39. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS			
Infrastructure - Landfill-Sites		48 938	2 013 483
<u>Less:</u> Allocated against Provision for Rehabilitation of Landfill-Sites - Note 4		(48 938)	(2 013 483)
Total (Impairment Loss)/ Reversal of Impairment Loss		-	-
40. CORRECTION OF ERROR IN TERMS OF GRAP 3			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
40.1 Payables from Exchange Transactions			
Balance previously reported		-	19 262 293
Building Deposits not recognised in prior years - Note 8		-	500
Repayment of Building plan fees not recognised in prior years - Note 8		-	197
Refund of pre-paid meters not recognised in prior years - Note 8		-	1 792
Credit Note not recognised in prior years - Note 8		-	(43 085)
Subsistence & Travel Costs recognised incorrectly in prior year - Note 8		-	(30 898)
Invoices not recognised in prior year - Note 8		-	969
Payment of retention not recognised in prior years - Note 8		-	(74 944)
Receipt issued in incorrect year - Note 8		-	(6 006)
Rental income received in advance not recognised in prior year - Note 8		-	23 593
Recognise Unidentified Deposits older than 36 months as Other Income - Note 8		-	(706 139)
Restated Balance		-	18 428 271
Correction of Trade Creditors, Retentions, Other Creditors and Deposits: Other.			
40.2 Unspent Conditional Government Grants and Receipts			
Balance previously reported		-	180 736
Credit Note not recognised in prior years - Note 9		-	16 651
Restated Balance		-	197 387
Credit Note on grant expenditure not recognised in prior year.			
40.3 Property, Plant and Equipment			
Balance previously reported		-	258 513 835
Cost		-	1 510 064
Land not recognised in prior years - Note 12		-	3 051 674
Public open spaces recognised incorrectly in prior years - Note 12		-	(1 175 024)
Other Assets not written-off in prior years - Note 12		-	(366 586)
Accumulated Depreciation		-	344 545
Community Assets not written-off in prior years - Note 12		-	69 157
Other Assets not written-off in prior years - Note 12		-	275 388
Restated Balance		-	260 368 444
Land not recognised in prior years and Other Assets not written-off in prior years.			

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
40.4 Investment Property			
Balance previously reported			
Investment Property recognised incorrectly in prior years - Note 13		-	14 021 760
Investment Property not recognised in prior years - Note 13		-	(2 110 000)
		<hr/>	<hr/>
Restated Balance		-	1 677 000
		<hr/>	<hr/>
	Remove Investment Property recognised incorrectly in prior years and recognise Investment Property not recognised in prior years.		
40.5 Heritage Assets			
Balance previously reported			
Reversal of Accumulated Depreciation before 1 July 2012 - Note 15		-	136 204
Reversal of Accumulated Depreciation 2012/2013 - Note 15		-	15 134
		<hr/>	<hr/>
Restated Balance		-	454 012
		<hr/>	<hr/>
	Reversal of Accumulated Depreciation on Heritage Assets.		
40.6 Receivables from Exchange Transactions			
Balance previously reported			
Correction of Consumer accounts - Note 18		-	29 645 287
		<hr/>	<hr/>
Restated Balance		-	(438)
		<hr/>	<hr/>
	Correction of Consumer Accounts.		
40.7 Receivables from Non-Exchange Transactions			
Balance previously reported			
Correction of Consumer accounts - Note 19		-	18 037 616
Correction of Estimate Fines - Note 19		-	(3)
Rental: Debtors not recognised in prior year - Note 19		-	(221 110)
		<hr/>	<hr/>
Restated Balance		-	131 745
		<hr/>	<hr/>
	Correction of Consumer Accounts.		
40.8 Unpaid Conditional Government Grants and Receipts			
Balance previously reported			
Correction of Unpaid Equitable Share Grant - Note 9		-	3 005 857
Correction of Unpaid Lotto Grant (Piketberg Sport field) - Note 9		-	(2 309 000)
		<hr/>	<hr/>
Restated Balance		-	(42 154)
		<hr/>	<hr/>
	Write-off of Unpaid Conditional Grants, as methods to recover outstanding amounts were unsuccessful.		
40.9 Operating Lease Asset			
Balance previously reported			
Operating Lease Asset not recognised in prior years - Note 20.1		-	54 554
Movement in Operating Lease Asset for 2012/2013 - Note 20.1		-	11 159
		<hr/>	<hr/>
Restated Balance		-	9 047
		<hr/>	<hr/>
	Operating Lease Asset not recognised in prior years.		

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
40.10 Accumulated Surplus/(Deficit) - 1 July 2012		
Building Deposits not recognised in prior years - Note 40.1	-	(500)
Repayment of Building plan fees not recognised in prior years - Note 40.1	-	(197)
Refund of pre-paid meters not recognised in prior years - Note 40.1	-	(1 792)
Correction of Consumer accounts - Note 40.6	-	(438)
Correction of Consumer accounts - Note 40.7	-	(3)
Payment of retention not recognised in prior years - Note 40.1	-	74 944
Operating Lease Asset not recognised in prior years - Note 40.9	-	11 159
Reversal of Accumulated Depreciation on Heritage Assets - Note 40.5	-	136 204
Correction of Unpaid Equitable Share Grant - Note 40.8	-	(2 309 000)
Correction of Unpaid Lotto Grant (Piketberg Sport field) - Note 40.8	-	(42 154)
Recognise Unidentified Deposits older than 36 months as Other Income - Note 40.1	-	706 139
Investment Property recognised incorrectly in prior years - Note 40.4	-	(2 110 000)
Investment Property not recognised in prior years - Note 40.4	-	1 677 000
Land not recognised in prior years - Note 40.3	-	3 051 674
Public open spaces recognised incorrectly in prior years - Note 40.3	-	(1 175 024)
Other Assets not written-off in prior years - Note 40.3	-	(366 586)
Accumulated Depreciation not written-off in prior years - Note 40.3	-	344 545
Total	-	(4 030)

40.11 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		38 288 444	-	38 288 444
Government Grants and Subsidies		46 368 449	-	46 368 449
Public Contributions and Donations		-	-	-
Contributed Property, Plant and Equipment		-	-	-
Fines	40.7	760 232	(221 110)	539 122
Third Party Payments		-	-	-
Actuarial Gains		-	-	-
Other Revenue from non-exchange transactions		-	-	-
Property Rates - penalties imposed and collection charges		-	-	-
Service Charges		98 668 900	-	98 668 900
Water Services Authority Contribution		-	-	-
Rental of Facilities and Equipment	40.1	2 779 581	117 199	2 896 780
Interest Earned - external investments		550 858	-	550 858
Interest Earned - outstanding receivables		2 439 794	-	2 439 794
Licences and Permits		1 694 453	-	1 694 453
Income for Agency Services		1 609 359	6 006	1 615 365
Other Income		2 394 112	-	2 394 112
Unamortised Discount - Interest		1 648	-	1 648
Total		195 555 830	(97 905)	195 457 925
Expenditure				
Employee related costs	40.1	(72 160 526)	30 898	(72 129 627)
Remuneration of Councillors		(4 259 364)	-	(4 259 364)
Debt Impairment		(436 583)	-	(436 583)
Collection Costs		-	-	-
Depreciation and Amortisation	40.5	(14 480 891)	15 134	(14 465 757)
Repairs and Maintenance	40.1	(4 837 736)	25 465	(4 812 271)
Unamortised Discount - Interest		(493 106)	-	(493 106)
Actuarial Losses		(1 448 695)	-	(1 448 695)
Finance Costs		(8 769 614)	-	(8 769 614)
Bulk Purchases	34	(54 420 836)	4 893 373	(49 527 463)
Contracted Services		-	-	-
Grants and Subsidies Paid	35	(2 393 212)	(4 893 373)	(7 286 586)
Other Operating Grant Expenditure		(2 608 827)	-	(2 608 827)
General Expenses		(21 619 717)	-	(21 619 717)
Total		(187 929 108)	71 497	(187 857 611)
Net Surplus/(Deficit) for the year		7 626 722	(26 407)	7 600 315

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
41. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS			
Surplus/(Deficit) for the year		21 764 458	7 600 315
Adjustments for:			
Depreciation and amortisation		14 935 312	14 465 757
Loss/(Gain) on disposal of property, plant and equipment		(586 807)	-
Impairment Loss/(Reversal of Impairment Loss)		25 439	290
Government Grants and Subsidies received		63 699 633	46 185 696
Government Grants and Subsidies recognised as revenue		(56 175 107)	(46 368 450)
Contribution to provisions – Non-Current Provisions		1 505 083	1 257 687
Change in Provision for Rehabilitation Cost		(193 766)	-
Contribution from/to provisions - Non-Current Employee Benefits		2 923 058	2 279 551
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses		3 769 712	1 448 695
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains		(15 744)	-
Contribution from/to - Current Employee Benefits		4 679 662	4 546 997
Write-off of Current Employee Benefits		(1 142 249)	-
Contribution to provisions – Bad debt		4 703 915	601 307
Reversal of Provision for Bad debt		-	(184 011)
Bad debts written off		(328 927)	(914 194)
Unamortised Discounts - Interest Received		(906)	(1 648)
Unamortised Discounts - Interest Paid		1 060 052	493 106
Operating lease expenses accrued		(8 477)	(123 874)
Operating lease income accrued		(4 440)	3 863
Operating Surplus/(Deficit) before changes in working capital		60 609 902	31 291 089
Changes in working capital		(15 201 874)	(12 770 129)
Increase/(Decrease) in Consumer Deposits		162 877	143 159
Increase/(Decrease) in Trade and Other Payables		1 082 629	(3 356 983)
Increase/(Decrease) in Employee Benefits		(4 349 907)	(3 906 299)
Increase/(Decrease) in Taxes		309 325	(969 469)
(Increase)/Decrease in Inventory		465 251	472 151
(Increase)/Decrease in Trade Receivables from exchange transactions		(6 847 097)	(5 394 871)
(Increase)/Decrease in Other Receivables from non-exchange transactions		(6 024 952)	242 184
Cash generated/(absorbed) by operations		<u>45 408 027</u>	<u>18 520 960</u>
42. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Current Accounts - Note 21		18 691 750	11 338 987
Call Investments Deposits - Note 21		15 011 815	-
Cash Floats - Note 21		12 570	11 270
Total cash and cash equivalents		<u>33 716 135</u>	<u>11 350 257</u>
43. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES			
Cash and Cash Equivalents - Note 42		33 716 135	11 350 257
Less:			
Unspent Committed Conditional Grants - Note 9		(14 697 066)	(755 660)
Unspent Borrowings - Note 44		(7 067 210)	(197 387)
Cash Portion of Housing Development Fund - Note 2		(7 066 000)	(563 856)
Net cash resources available for internal distribution		(563 856)	(558 273)
Allocated to:			
Capital Replacement Reserve		19 019 069	10 594 598
Resources available for working capital requirements		<u>9 462 569</u>	<u>1 873 097</u>
44. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION			
Long-term Liabilities - Note 3		53 762 766	48 045 444
Used to finance property, plant and equipment - at cost		(46 696 766)	(48 045 444)
Cash set aside for the repayment of long-term liabilities		7 066 000	-
Cash invested for repayment of long-term liabilities		<u>7 066 000</u>	<u>-</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

45. BUDGET COMPARISONS

	2014 Actual R	2014 Final Budget R	2014 Variance R	2014 Variance %
45.1 Operational Budget by Standard Classification				
<u>Revenue - Standard</u>				
Governance and Administration				
Executive and council	26 094 099	26 092 000	2 099	0.01%
Budget and Treasury Office	52 543 508	52 110 000	433 508	0.83%
Corporate Services	2 150 246	2 208 500	(58 254)	-2.64%
Community and Public Safety				
Community and Social Services	4 327 186	4 296 000	31 186	0.73%
Sport and Recreation	3 441 944	3 143 000	298 944	9.51%
Public Safety	2 829 494	882 000	1 947 494	220.80%
Housing	6 175 664	7 554 000	(1 378 336)	-18.25%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	760 489	601 000	159 489	26.54%
Road Transport	4 189 280	3 829 000	360 280	9.41%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	71 222 023	73 127 000	(1 904 977)	-2.61%
Water	19 774 097	22 585 620	(2 811 523)	-12.45%
Waste Water Management	24 793 205	25 695 380	(902 175)	-3.51%
Waste Management	14 091 811	12 726 000	1 365 811	10.73%
Other	-	-	-	-
Total Revenue	232 393 045	234 849 500	(2 456 455)	-1.05%
<u>Expenditure - Standard</u>				
Governance and Administration				
Executive and council	(15 869 439)	(17 665 000)	1 795 561	-10.16%
Budget and Treasury Office	(10 677 245)	(10 976 000)	298 754	-2.72%
Corporate Services	(23 648 487)	(20 978 000)	(2 670 487)	12.73%
Community and Public Safety				
Community and Social Services	(5 652 971)	(5 613 000)	(39 971)	0.71%
Sport and Recreation	(9 056 743)	(10 595 000)	1 538 257	-14.52%
Public Safety	(7 465 414)	(5 458 000)	(2 007 414)	36.78%
Housing	(868 759)	(1 003 999)	135 240	-13.47%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	(3 118 844)	(3 305 000)	186 156	-5.63%
Road Transport	(23 152 074)	(24 160 000)	1 007 926	-4.17%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	(74 256 469)	(73 128 000)	(1 128 469)	1.54%
Water	(15 081 789)	(15 465 999)	384 210	-2.48%
Waste Water Management	(6 768 321)	(8 439 000)	1 670 679	-19.80%
Waste Management	(15 012 031)	(14 989 001)	(23 030)	0.15%
Other	-	-	-	-
Total Expenditure	(210 628 587)	(211 775 999)	1 147 413	-0.54%
Surplus/(Deficit) for the year	21 764 458	23 073 501	(1 309 043)	-5.67%

Details of material variances

Refer to note 46 for explanations.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
45.2 Capital Expenditure by Standard Classification				
Governance and Administration				
Executive and council	19 268	19 729	(462)	-2.34%
Budget and Treasury Office	448 453	448 553	(100)	-0.02%
Corporate Services	1 109 271	603 018	506 253	83.95%
Community and Public Safety				
Community and Social Services	229 766	305 000	(75 234)	-24.67%
Sport and Recreation	844 728	920 350	(75 623)	-8.22%
Public Safety	27 751	65 632	(37 881)	-57.72%
Housing	6 647 455	7 471 000	(823 545)	-11.02%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	30 217	28 548	1 669	5.85%
Road Transport	1 847 895	1 865 700	(17 805)	-0.95%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	554 811	445 000	109 811	24.68%
Water	425 981	3 609 000	(3 183 019)	-88.20%
Waste Water Management	17 021 026	15 922 000	1 099 026	6.90%
Waste Management	4 088	4 100	(12)	-0.30%
Other	-	-	-	-
Total Capital Expenditure	29 210 711	31 707 630	(2 496 919)	-7.87%

Details of material variances

Refer to note 46 for explanations.

45.3 Operational Budget by Municipal Vote

Revenue - Vote

Municipal Manager	26 094 099	26 092 000	2 099	0.01%
Executive and Council	26 094 099	26 092 000	2 099	0.01%
Municipal Manager	-	-	-	-
Director: Finance	52 543 508	52 110 000	433 508	0.83%
Budget and Treasury Office	52 543 508	52 110 000	433 508	0.83%
Director: Corporate Services	14 826 676	12 490 500	2 336 176	18.70%
Administration	87 313	7 500	79 813	1064.17%
Community Services	-	-	-	-
Fire	-	2 000	(2 000)	-100.00%
Holiday Resorts	3 001 381	2 714 000	287 381	10.59%
Human Resources	1 402 832	1 871 000	(468 168)	-25.02%
Library	4 077 717	4 066 000	11 717	0.29%
Museum	-	-	-	-
Planning and Development	300 555	200 000	100 555	50.28%
Traffic	2 829 494	880 000	1 949 494	221.53%
Vehicle Licencing	3 127 384	2 750 000	377 384	13.72%
Director: Technical Services	138 928 762	144 157 000	(5 228 238)	-3.63%
Building Control	459 934	401 000	58 934	14.70%
Cemetery	249 469	230 000	19 469	8.46%
Community Parks	-	-	-	-
Council Properties & Buildings	660 101	330 000	330 101	100.03%
Electricity	71 222 023	73 127 000	(1 904 977)	-2.61%
Electricity Streetlights	-	-	-	-
Housing	6 175 664	7 554 000	(1 378 336)	-18.25%
Refuse Removal and Dumping	14 091 811	12 726 000	1 365 811	10.73%
Roads and Storm water	1 061 895	1 079 000	(17 105)	-1.59%
Sewerage	24 793 205	25 695 380	(902 175)	-3.51%
Sport grounds & Swimming Pools	440 563	429 000	11 563	2.70%
Storm water Management	-	-	-	-
Water	19 774 097	22 585 620	(2 811 523)	-12.45%
Total Revenue	232 393 045	234 849 500	(2 456 455)	-1.05%

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
<u>Expenditure - Vote</u>				
Municipal Manager	(15 869 439)	(17 665 000)	1 795 561	-10.16%
Executive and Council	(15 869 439)	(17 665 000)	1 795 561	-10.16%
Director: Finance	(10 677 245)	(10 976 000)	298 754	-2.72%
Budget and Treasury Office	(10 677 245)	(10 976 000)	298 754	-2.72%
Director: Corporate Services	(35 494 729)	(30 669 000)	(4 825 729)	15.73%
Administration	(5 548 769)	(5 850 000)	301 231	-5.15%
Community Services	(1 462 136)	(1 302 000)	(160 136)	12.30%
Fire	(327 987)	(439 000)	111 013	-25.29%
Holiday Resorts	(2 951 418)	(3 541 000)	589 582	-16.65%
Human Resources	(11 159 649)	(7 588 000)	(3 571 649)	47.07%
Library	(4 002 990)	(4 085 000)	82 010	-2.01%
Planning and Development	(1 877 581)	(1 995 000)	117 419	-5.89%
Traffic	(7 137 427)	(5 019 000)	(2 118 427)	42.21%
Vehicle Licensing	(1 026 771)	(850 000)	(176 771)	20.80%
Director: Technical Services	(148 587 173)	(152 466 000)	3 878 827	-2.54%
Building Control	(1 241 263)	(1 310 000)	68 737	-5.25%
Cemetery	(187 844)	(226 000)	38 156	-16.88%
Community Parks	(4 450 720)	(4 679 000)	228 281	-4.88%
Council Properties & Buildings	(6 940 069)	(7 540 000)	599 932	-7.96%
Electricity	(74 256 469)	(73 128 000)	(1 128 469)	1.54%
Housing	(868 759)	(1 003 999)	135 240	-13.47%
Refuse Removal and Dumping	(15 012 031)	(14 989 001)	(23 030)	0.15%
Roads and Storm water	(22 125 303)	(23 310 000)	1 184 696	-5.08%
Sewerage	(6 088 115)	(7 630 000)	1 541 885	-20.21%
Sport grounds & Swimming Pools	(1 654 606)	(2 375 000)	720 394	-30.33%
Storm water Management	(680 206)	(809 000)	128 794	-15.92%
Water	(15 081 789)	(15 465 999)	384 210	-2.48%
Total Expenditure	(210 628 587)	(211 775 999)	1 147 413	-0.54%
Surplus/(Deficit) for the year	21 764 458	23 073 501	(1 309 043)	-5.67%

Details of material variances

Refer to note 46 for explanations.

45.4 Capital Expenditure by Municipal Vote

Municipal Manager	19 268	19 729	(462)	-2.34%
Executive and council	-	-	-	100.00%
Municipal Manager	19 268	19 729	(462)	-2.34%
Director: Finance	448 453	448 553	(100)	-0.02%
Budget and Treasury Office	448 453	448 553	(100)	-0.02%
Director: Corporate Services	1 577 990	1 036 348	541 642	52.26%
Administration	1 016 245	388 798	627 447	161.38%
Community Services	62 482	63 000	(518)	-0.82%
Fire	27 751	65 632	(37 881)	-57.72%
Holiday Resorts	282 521	329 200	(46 679)	-14.18%
Human Resources	12 170	12 170	(0)	0.00%
Library	146 604	149 000	(2 396)	-1.61%
Planning and Development	30 217	28 548	1 669	5.85%
Traffic	-	-	-	100.00%
Director: Technical Services	27 165 001	30 203 000	(3 037 999)	-10.06%
Cemetery	2 044	13 000	(10 956)	-84.28%
Community Parks	153 119	182 050	(28 931)	-15.89%
Council Properties & Buildings	99 492	282 050	(182 558)	-64.73%
Electricity	554 811	445 000	109 811	24.68%
Housing	6 647 455	7 471 000	(823 545)	-11.02%
Refuse Removal and Dumping	4 088	4 100	(12)	-0.30%
Roads and Storm water	1 847 895	1 865 700	(17 805)	-0.95%
Sewerage	16 915 947	15 813 000	1 102 947	6.97%
Sport grounds & Swimming Pools	409 088	409 100	(12)	0.00%
Storm water Management	105 079	109 000	(3 921)	-3.60%
Water	425 981	3 609 000	(3 183 019)	-88.20%
Total Capital Expenditure	29 210 711	31 707 630	(2 496 919)	-7.87%

Details of material variances

Refer to note 46 for explanations.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
46. BUDGET INFORMATION		
46.1 Explanation of variances between approved and final budget amounts		
The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.		
Explanation of variances greater than 5%: Final Budget and Actual Amounts		
Statement of Financial Position		
46.2.1 Current Assets		
<u>Cash</u>		
<i>Cash available were much higher than anticipated due to unspent grants and borrowings i.r.o. 2014/2015 financial year.</i>		
<u>Call Investment Deposits</u>		
<i>Cash available were much higher than anticipated due to unspent grants and borrowings i.r.o. 2014/2015 financial year.</i>		
<u>Consumer Debtors</u>		
<i>Increase in tariffs and non-payment of availability fees.</i>		
<u>Other Debtors</u>		
<i>Increase in prepaid expenses and debtor: fines.</i>		
<u>Current Portion of long-term receivables</u>		
<i>Increase in debtors with repay-arrangements.</i>		
46.2.2 Non-Current Assets		
<u>Long-term receivables</u>		
<i>Increase in debtors with repay-arrangements.</i>		
<u>Investment Property</u>		
<i>Variance due to adjustments made for property sold.</i>		
<u>Intangible Assets</u>		
<i>Capital Budget not fully spent.</i>		
46.2.3 Current Liabilities		
<u>Borrowing</u>		
<i>Increase due to increase in unamortised discount and external loans i.r.o 2014/2015 financial year.</i>		
<u>Consumer Deposits</u>		
<i>Increase in consumers.</i>		
<u>Trade and Other Payables</u>		
<i>Decrease due to repayment of creditors as a result of additional income received.</i>		
<u>Provisions</u>		
<i>Decrease due to write-off of Cape Joint Pension Fund provision.</i>		
46.2.4 Non-Current Liabilities		
<u>Borrowing</u>		
<i>Increase due to increase in unamortised discount and external loans i.r.o 2014/2015 financial year.</i>		
46.2.5 Net Assets		
<u>Accumulated Surplus/(Deficit)</u>		
<i>Net effect of all other adjustments.</i>		
<u>Reserves</u>		
<i>Decrease in contributions to Capital Replacement Reserve.</i>		

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Statement of Financial Performance

46.2.6 Revenue

Service Charges - Refuse Revenue

The variance is as the result of an increase in revenue from households and refuse removals at transfer stations.

Service Charges - Other Revenue

The variance is as the result of an increase in rental of buildings and holiday resorts facilities.

Rental of Facilities and Equipment

The variance is as the result of an increase in rental of buildings and usage of holiday resorts facilities.

Interest Earned - External Investments

Increase due to increase in cash and cash equivalents.

Interest Earned - Outstanding Debtors

Increase due to the decrease in debtor payments.

Fines

Change in accounting treatment of IGRAP 1 - Probability of Revenue

Licences and Permits

The variance is the result of an increase in the number of licenses and permits issued and a improvement in administrative processes relating to the issue of licenses and permits.

Agency Services

The variance is the result of an increase in the number of transactions processed on behalf of Provincial Government.

Other Revenue

Increase as a result of an increase of sale of land and insurance claims received.

Transfers Recognised - Capital

Variance due unspent portion of Municipal Infrastructure Grant on year-end.

46.2.7 Expenditure

Remuneration of Councillors

Back pay paid to councillors.

Debt Impairment

Increase due to provision for unpaid fines i.t.o. change in accounting standard (IGRAP 1) and increase of non-payment of availability fees.

Other Expenditure

Decrease in payments of insurance premium, telephone costs and membership fees.

Cash Flow Statement

46.2.8 Net Cash from Operating Activities

Interest

Increase due to increase in cash and cash equivalents.

Suppliers and Employees

Increase in cash resources of municipality.

Finance Charges

Decrease in interest paid on long-term liabilities.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46.2.9 Net Cash from Investing Activities

Proceeds on disposal of PPE

Assets sold during year.

Decrease/(Increase) in Other Non-Current Receivables

Increase in housing loans.

Capital Assets

Variance due unspent portion of Municipal Infrastructure Grant on year-end.

46.2.10 Net Cash from Financing Activities

Borrowing long term/refinancing

Additional loans raised during the year.

Increase/(Decrease) in Consumer Deposits

Increase in consumers.

Repayment of Borrowing

Increase in repayment of long-term liabilities.

	2014 R	2013 R
47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		

47.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	1 355 897	27 602 770
Unauthorised expenditure current year - operational	4 825 729	708 783
Unauthorised expenditure current year - capital	541 642	647 114
Condoned by Council on 15 April 2014	(1 355 897)	(27 602 770)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	5 367 371	1 355 897

2014 R	2013 R

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2013	None	-	708 783
Over expenditure of approved capital budget - 2013	None	-	647 114
Over expenditure of approved operating budget - 2014	None	4 825 729	-
Over expenditure of approved capital budget - 2014	None	541 642	-
		5 367 371	1 355 897

47.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
None	None	-	-
		-	-
		-	-

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
47.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	615 550	1 494 855
Irregular expenditure current year	-	615 550
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council on 15 April 2014	(615 550)	(1 494 855)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	-	615 550

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
3 Quotes were not obtained as required by Supply Chain Management Policy. Reasons for not obtaining 3 quotes were not documented.	To be investigated	- 55 227
Suppliers without conflict of interest forms.	To be investigated	- 91 221
Deviation not approved by Municipal Manager	To be investigated	- 2 451
Order issued before supplier sign conflict of interest form.	To be investigated	- 466 651
		615 550

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	875 779	682 662
Amount paid - current year	(875 779)	(682 662)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

48.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year audit fee	2 876 133	2 580 834
External Audit - Auditor-General	2 803 744	2 504 076
Audit Committee	72 389	76 758
Amount paid - current year	(2 870 817)	(2 580 834)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	5 317	-

48.3 VAT - [MFMA 125 (1)(c)]

Opening balance	(277)	908 985
Amounts received - current year	1 383 658	1 058 561
Amounts claimed - current year	5 395 390	2 142 308
Amount paid - current year	(2 393 046)	(3 201 145)
Amount paid - previous year	-	(908 985)
Closing balance	4 385 725	(277)

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

48.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	341	-
Current year payroll deductions	8 963 023	8 929 010
Amount paid - current year	(8 963 023)	(8 928 669)
Amount paid - previous year	(341)	-
Balance unpaid (included in creditors)	-	341

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R		
48.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]				
Opening balance		-	-		
Current year payroll deductions and Council Contributions		19 074 983	17 810 911		
Amount paid - current year		(19 074 983)	(17 810 911)		
Amount paid - previous year		-	-		
Balance unpaid (included in creditors)		<u><u>-</u></u>	<u><u>-</u></u>		
48.6	Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]				
The following Councillor had arrear accounts for more than 90 days as at 30 June 2014:			Outstanding more than 90 days		
SR Claassen		733			
The following Councillor had arrear accounts outstanding for more than 90 days during the year:		120 Days	120+ Days		
SR Claassen		274	-		
July 2013		430	274		
August 2013		359			
December 2013		400	359		
January 2014		389	759		
February 2014		332			
May 2014		401	332		
June 2014					
48.7	Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005				
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)					
		Type of Deviation			
		Single Supplier	Minor Offense	Impossible/ Impractical	Emergency
Amount					
July	479 769	7	2	7	-
August	338 706	2	-	7	2
September	649 054	2	2	4	2
October	502 177	4	5	4	2
November	258 871	9	4	3	3
December	129 464	1	1	4	-
January	482 686	4	4	3	3
February	806 230	1	5	7	3
March	5 915 472	3	1	3	-
April	462 591	4	7	1	3
May	753 798	6	5	1	2
June	294 030	2	3	5	3
	<u><u>11 072 849</u></u>	<u><u>45</u></u>	<u><u>39</u></u>	<u><u>49</u></u>	<u><u>23</u></u>
		2014 R	2013 R		
48.8	Material losses				
Electricity distribution losses					
Units purchased (Kwh)		77 236 807	75 721 651		
Units lost during distribution (Kwh)		8 246 380	10 022 999		
Percentage lost during distribution		10.68%	13.24%		
Distribution loss (Rand Value)		5 528 373	6 408 705		
Water distribution losses					
Units purchased (ml)		2 285 457	2 368 226		
Units lost during distribution (ml)		172 984	238 938		
Percentage lost during distribution		7.57%	10.09%		
Distribution loss (Rand Value)		657 339	888 849		
		2014 R	2013 R		
49.	CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure:					
Approved and contracted for:		2 765 184	17 943 342		
Infrastructure		2 765 184	17 943 342		
Community		-	-		
Other		-	-		
Total		<u><u>2 765 184</u></u>	<u><u>17 943 342</u></u>		

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	2 765 184	17 943 342
Own Resources	-	-
District Council Grants	-	-
Total	2 765 184	17 943 342

50. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2014 R	2013 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2013: 1%) Increase in interest rates	(200 592)	(367 065)
1% (2013: 1%) Decrease in interest rates	200 592	367 065

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 %	2014 R	2013 %	2013 R
The debtors per age analysis could be summarised as follows:				
Assessment Rates	20.25%	12 803 288	19.99%	10 715 805
Consumer Deposit	-0.07%	(44 318)	-0.06%	(30 638)
Electricity	17.23%	10 892 471	15.05%	8 067 038
General Debit/Credit	-2.25%	(1 420 973)	-1.96%	(1 049 463)
Handed Over	21.46%	13 567 811	25.25%	13 534 483
House Purchase	-0.01%	(5 724)	0.07%	36 649
Housing	0.14%	89 030	0.17%	91 435
Legal Fees	0.78%	494 962	1.19%	636 845
Loan Arrangement	6.03%	3 811 296	6.29%	3 369 114
Refuse Removal	14.08%	8 897 938	13.19%	7 070 577
Service Balances	0.11%	71 577	0.20%	109 817
Sewerage Charge	9.19%	5 810 357	8.29%	4 441 910
Sundries	1.14%	722 150	1.28%	688 541
Water	11.90%	7 523 610	11.04%	5 919 312
Total	100.00%	63 213 474	100.00%	53 601 426

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 for balances included in receivables that were re-negotiated for the period under review.

	2014 %	2014 R	2013 %	2013 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	26 371 098	100.00%	24 250 288
<u>Exchange Receivables</u>				
Electricity	29.57%	10 892 471	27.48%	8 067 038
Water	20.42%	7 523 610	20.17%	5 919 312
Housing Rentals	0.23%	83 306	0.44%	128 084
Refuse	24.15%	8 897 938	24.09%	7 070 577
Sewerage	15.77%	5 810 357	15.13%	4 441 910
Other	9.87%	3 634 694	12.69%	3 724 217
	100.00%	36 842 375	100.00%	29 351 138

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2014 %	2014 R	2013 %	2013 R
<u>Non-exchange Receivables</u>				
Rates	65.10%	10 622 400	55.91%	6 676 104
<u>Exchange Receivables</u>				
Services	34.90%	5 694 238	44.09%	5 265 546
	100.00%	16 316 639	100.00%	11 941 650

	Exchange Receivables	Non-exchange Receivables
<u>Ageing of amounts past due but not impaired are as follow:</u>		
2014		
1 month past due	4 084 135	3 784 949
2+ months past due	19 345 214	8 178 800
	23 429 349	11 963 749
2013		
1 month past due	2 516 636	2 923 240
2+ months past due	14 795 663	11 727 703
	17 312 299	14 650 943

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Bad debts written-off per receivable class:

	2014 %	2014 R	2013 %	2013 R
<u>Non-exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Services	2.02%	328 927	7.66%	914 194
	<u>2.02%</u>	<u>328 927</u>	<u>7.66%</u>	<u>914 194</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	3 946 817	3 398 799
Receivables from exchange transactions	41 757 492	34 910 395
Receivables from non-exchange transactions	30 649 304	24 624 352
Cash and Cash Equivalents	33 703 565	11 338 987
	<u>110 057 178</u>	<u>74 272 533</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
	2014	2013	2014	2013
Long-term Liabilities	10 313 760	34 550 210	66 759 498	-
Provision for Rehabilitation of Landfill-sites	28 185 187	6 168 042	2 760 956	-
Trade and Other Payables	<u>19 510 899</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>58 009 847</u>	<u>40 718 252</u>	<u>69 520 454</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	9 221 471	30 514 714	69 816 484	-
Provision for Rehabilitation of Landfill-sites	26 589 799	6 701 539	3 666 776	156 071
Trade and Other Payables	<u>18 428 271</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>54 239 541</u>	<u>37 216 253</u>	<u>73 483 260</u>	<u>156 071</u>

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
51. FINANCIAL INSTRUMENTS			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
51.1 Financial Assets	Classification		
Long-term Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	3 509 790	3 272 426
Sport Club Loans	Financial Instruments at amortised cost	-	12 464
Housing Loans	Financial Instruments at amortised cost	437 028	113 909
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	10 892 471	8 067 038
Water	Financial Instruments at amortised cost	7 523 610	5 919 312
Housing Rentals	Financial Instruments at amortised cost	83 306	128 084
Refuse	Financial Instruments at amortised cost	8 897 938	7 070 577
Sewerage	Financial Instruments at amortised cost	5 810 357	4 441 910
Other Arrears	Financial Instruments at amortised cost	8 549 810	9 283 912
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	18 691 750	11 338 987
Call Deposits	Financial Instruments at amortised cost	15 011 815	-
Total Financial Assets		79 407 874	49 648 619
Financial Instruments at amortised cost:			
Investments	Fixed Deposits	-	-
Long-term Receivables	Receivables with repay arrangements	3 509 790	3 272 426
Long-term Receivables	Sport Club Loans	-	12 464
Long-term Receivables	Housing Loans	437 028	113 909
Receivables from Exchange Transactions	Electricity	10 892 471	8 067 038
Receivables from Exchange Transactions	Water	7 523 610	5 919 312
Receivables from Exchange Transactions	Housing Rentals	83 306	128 084
Receivables from Exchange Transactions	Refuse	8 897 938	7 070 577
Receivables from Exchange Transactions	Sewerage	5 810 357	4 441 910
Receivables from Exchange Transactions	Other Arrears	8 549 810	9 283 912
Cash and Cash Equivalents	Bank Balances	18 691 750	11 338 987
Cash and Cash Equivalents	Call Deposits	15 011 815	-
Total Financial Assets		79 407 874	49 648 619
51.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	53 246 092	47 819 689
Capitalised Lease Liability	Financial Instruments at amortised cost	516 674	225 755
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	10 688 631	8 840 702
Payments received in advance	Financial Instruments at amortised cost	2 501 947	1 801 172
Retentions	Financial Instruments at amortised cost	1 655 042	74 944
Sundry Deposits	Financial Instruments at amortised cost	3 984 235	5 650 652
Other Creditors	Financial Instruments at amortised cost	636 977	524 481
Total Financial Liabilities		73 229 598	64 937 394
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	53 246 092	47 819 689
Long-term Liabilities	Capitalised Lease Liability	516 674	225 755
Trade and Other Payables	Trade Creditors	10 688 631	8 840 702
Trade and Other Payables	Payments received in advance	2 501 947	1 801 172
Trade and Other Payables	Retentions	1 655 042	74 944
Trade and Other Payables	Sundry Deposits	3 984 235	5 650 652
Trade and Other Payables	Other Creditors	636 977	524 481
Events after the Reporting Date			
The Municipality is not aware of any events after the reporting date.			
53. IN-KIND DONATIONS AND ASSISTANCE			
The municipality did not receive any in-kind donations or assistance during the year under review.			

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

54. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

55. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

56. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

56.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2014				
Councillors				
SR Claassen	851	3 754	135	2 306
SM Crafford	-	12 514	26	867
A de Vries	-	11 237	-	-
WJ Dirks	3 489	7 113	0	822
EB Manuel	1 872	14 915	10	1 364
JA Raats	10 893	23 584	42	2 968
A Maarman	277	4 205	5	363
SIJ Smit	3 404	27 259	202	4 139
	20 786	104 581	419	12 829
Municipal Manager and Section 57 Employees				
Adv H Linde	-	8 632	-	422
JA van Niekerk	9 191	12 695	-	1 768
JWA Kotzee	-	3 291	-	274
H Krohn	-	25 536	-	1 488
	9 191	50 155	-	3 951
Year ended 30 June 2013				
Councillors				
SR Claassen	1 576	3 476	115	1 566
SM Crafford	-	10 869	6	804
A de Vries	-	28 871	(740)	2 512
WJ Dirks	2 837	5 648	-	769
EB Manuel	1 418	13 768	40	1 241
JA Raats	6 978	21 271	33	2 162
A Maarman	123	3 617	2	300
SIJ Smit	3 952	24 780	163	3 031
	16 884	112 300	(381)	12 384
Municipal Manager and Section 57 Employees				
Adv H Linde	-	2 196	2	552
C Liebenberg (former Municipal Manager)	8 116	9 922	-	-
JA van Niekerk	7 447	10 035	-	1 588
JWA Kotzee	-	3 048	5	254
D Lambrechts	1 891	5 519	17	-
H Krohn	-	5 555	6	1 394
	17 454	36 275	30	3 788

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

56.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

	2014	2013
	R	R

56.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

<u>Councillor/Staff Member</u>	<u>Entity</u>		
JJ van Zyl & J van Zyl	V2 Elektries	-	5 990
		-	5 990

BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

57. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

Going concern assumption is based on the following:

Financial Indicators

The current ratio increased to 2,32:1 from 1,98:1 in the prior year.

The municipality have budgeted for a surplus of R32 368 596 for the 2014/2015 financial year and surpluses of R24 915 869 and R21 976 310 for the 2015/2016 and 2016/2017 years respectively.

Cash and Cash Equivalents have increased during the year, while Payables decreased during the year.

APPENDIX A
BERGRIVIER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2013	Correction of Error	Received during the period	Redeemed/written off during the period	Balance at 30 June 2014
LONG-TERM LOANS								
DBSA	15.00%	61001254	2018/06/30	1 077 552	-	-	(215 396)	862 156
DBSA	13.00%	61001020	2016/03/31	551 596	-	-	(161 210)	390 386
DBSA	9.98%	61000584	2016/12/31	1 324 325	-	-	(437 708)	886 617
DBSA	10.80%	61000234	2014/06/30	415 377	-	-	(415 377)	-
INCA	9.44%		2015/06/30	544 419	-	-	(259 664)	284 755
DBSA	13.23%	61002920	2015/06/30	623 832	-	-	(350 252)	273 579
DBSA	16.50%	61003131	2020/12/31	750 410	-	-	(79 381)	671 029
DBSA	14.00%	61001189	2017/09/30	704 117	-	-	(121 651)	582 467
DBSA	11.70%	61003268	2016/06/30	378 330	-	-	(144 050)	234 280
DBSA	9.94%	61000585	2013/12/31	286 961	-	-	(286 961)	-
Nedbank	11.27%	05/7831032282	2023/06/12	3 900 000	-	-	(230 295)	3 669 705
DBSA	9.86%	61000757	2018/12/31	4 596 112	-	-	(915 166)	3 680 946
DBSA	12.41%	61001029	2030/06/30	16 854 924	-	-	(471 690)	16 383 234
DBSA	11.53%	61006811	2031/06/30	3 954 968	-	-	(106 274)	3 848 693
DBSA	11.59%	61006837	2036/06/30	8 901 103	-	-	(129 861)	8 771 242
DBSA	11.33%	61006975	2032/06/30	2 955 664	-	1 000 000	(64 661)	3 891 003
Standard Bank	11.48%	252933753	2024/06/30	-	-	6 816 000	-	6 816 000
Standard Bank	11.44%	252933737	2019/06/30	-	-	2 000 000	-	2 000 000
Total Long-term Loans				47 819 689	-	9 816 000	(4 389 597)	53 246 093
LEASE LIABILITY								
Cellphones and Modems		Various		145 931	-	20 997	(76 725)	90 203
Telephone Systems		Various		79 825	-	606 845	(260 198)	426 471
Total Lease Liabilities				225 755	-	627 842	(336 923)	516 674
TOTAL EXTERNAL LOANS				48 045 445	-	10 443 842	(4 726 520)	53 762 767

APPENDIX B
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
24 068 542	(13 034 517)	11 034 025	Executive & Council	26 094 099	(15 869 439)	10 224 660
42 787 630	(10 508 891)	32 278 739	Budget & Treasury Office	52 543 508	(10 677 245)	41 866 262
736 671	(19 888 886)	(19 152 215)	Corporate Services	2 150 246	(23 648 487)	(21 498 242)
545 376	(2 522 714)	(1 977 339)	Planning & Development	760 489	(3 118 844)	(2 358 355)
		-	Health	-	-	-
3 922 035	(5 866 747)	(1 944 712)	Community & Social Services	4 327 186	(5 652 971)	(1 325 784)
875 703	(1 739 491)	(863 788)	Housing	6 175 664	(868 759)	5 306 904
542 680	(4 517 912)	(3 975 232)	Public Safety	2 829 494	(7 465 414)	(4 635 920)
2 796 970	(8 424 436)	(5 627 466)	Sport and Recreation	3 441 944	(9 056 743)	(5 614 799)
	-	-	Environmental Protection	-	-	-
12 068 967	(12 104 137)	(35 170)	Waste Management	14 091 811	(15 012 031)	(920 219)
18 914 948	(6 627 546)	12 287 402	Waste Water Management	24 793 205	(6 768 321)	18 024 884
3 747 027	(21 068 985)	(17 321 958)	Road Transport	4 189 280	(23 152 074)	(18 962 794)
16 711 793	(14 916 225)	1 795 568	Water	19 774 097	(15 081 789)	4 692 308
67 739 293	(66 636 834)	1 102 459	Electricity	71 222 023	(74 256 469)	(3 034 446)
195 457 635	(187 857 320)	7 600 315	Sub Total	232 393 045	(210 628 587)	21 764 458
	-	-	Less Inter-Departmental Charges	-	-	-
195 457 635	(187 857 320)	7 600 315	Total	232 393 045	(210 628 587)	21 764 458

APPENDIX C
BERGRIVIER MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2014
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/Impairment	Closing Balance	
Executive & Council	112 696 126	2 333 991	241 572	-	(865 737)	114 405 952	22 775 994	(154 803)	4 305 997	(937 480)	25 989 709	88 416 244
Budget & Treasury Office	3 583 946	(18 586)	785 203	-	(15 247)	4 335 316	1 561 474	-	622 857	(17 600)	2 166 732	2 168 584
Corporate Services	589 619	-	627 842	-	(411 674)	805 787	389 779	-	282 107	(355 823)	316 063	489 724
Planning & Development	19 254	-	-	-	-	19 254	7 281	-	3 851	-	11 132	8 123
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	12 001 278	(212 634)	683 100	-	8 229	12 479 974	3 206 573	(69 157)	558 401	(2 088)	3 693 729	8 786 244
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	1 453 196	(56 603)	27 751	-	(6 509)	1 417 836	365 013	-	236 424	(36 904)	564 534	853 302
Sport & Recreation	21 725 756	-	430 119	-	2 198	22 158 073	5 790 745	-	755 166	256	6 546 167	15 611 906
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	27 793 545	-	-	-	(50 602)	27 742 943	14 570 857	-	1 511 681	(666)	16 081 873	11 661 070
Waste Water Management	51 412 383	-	16 847 305	-	-	68 259 687	8 132 186	-	1 738 199	-	9 870 385	58 389 302
Road Transport	53 848 678	(967 971)	1 965 836	6 647 455	(161 372)	61 332 626	16 441 281	(271 923)	2 403 594	262 495	18 835 446	42 497 180
Water	44 372 297	(1 052)	427 980	-	-	44 799 225	11 304 324	-	1 365 498	(421)	12 669 401	32 129 824
Electricity	39 562 612	(83)	526 549	-	-	40 089 078	10 836 958	-	1 151 536	(33)	11 988 461	28 100 618
	369 058 691	1 077 063	22 563 256	6 647 455	(1 500 715)	397 845 751	95 382 465	(495 882)	14 935 312	(1 088 264)	108 733 630	289 112 121

APPENDIX D
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
24 068 542	(13 034 517)	11 034 025	Municipal Manager Council Municipal Manager	26 094 099	(15 869 439)	10 224 660
-	-	-		-	-	-
42 787 630	(10 508 891)	32 278 739	Director: Finance Financial Administration IT Administration	52 543 508	(10 677 245)	41 866 262
-	-	-		-	-	-
6 960	(5 360 082)	(5 353 122)	Director: Corporate Services Administration	87 313	(5 548 769)	(5 461 456)
-	(2 023 863)	(2 023 863)	Community Services	-	(1 462 136)	(1 462 136)
-	(80 932)	(80 932)	Fire	-	(327 987)	(327 987)
2 668 220	(2 556 696)	111 524	Holiday Resorts	3 001 381	(2 951 418)	49 964
324 236	(7 754 153)	(7 429 918)	Human Resources	1 402 832	(11 159 649)	(9 756 817)
3 687 873	(3 587 108)	100 765	Library	4 077 717	(4 002 990)	74 726
-	-	-	Museum	-	-	-
159 560	(1 519 673)	(1 360 113)	Planning and Development	300 555	(1 877 581)	(1 577 026)
542 680	(4 436 980)	(3 894 300)	Traffic	2 829 494	(7 137 427)	(4 307 934)
2 791 245	(577 026)	2 214 218	Vehicle Licencing	3 127 384	(1 026 771)	2 100 614
			Director: Technical Services			
385 816	(1 003 041)	(617 226)	Building Control	459 934	(1 241 263)	(781 329)
225 116	(255 776)	(30 661)	Cemetery	249 469	(187 844)	61 626
-	(4 155 769)	(4 155 769)	Community Parks	-	(4 450 720)	(4 450 720)
414 523	(6 774 651)	(6 360 128)	Council Properties & Buildings	660 101	(6 940 069)	(6 279 968)
67 739 293	(66 335 222)	1 404 071	Electricity	71 222 023	(74 033 306)	(2 811 283)
-	(301 612)	(301 612)	Electricity Streetlights	-	(223 164)	(223 164)
875 703	(1 739 491)	(863 788)	Housing	6 175 664	(868 759)	5 306 904
12 068 967	(12 104 137)	(35 170)	Refuse Removal and Dumping	14 091 811	(15 012 031)	(920 219)
955 782	(20 491 958)	(19 536 177)	Roads and Stormwater	1 061 895	(22 125 303)	(21 063 408)
18 914 948	(5 762 505)	13 152 443	Sewerage	24 793 205	(6 088 115)	18 705 089
128 750	(1 711 971)	(1 583 221)	Sportgrounds & Swimming Pools	440 563	(1 654 606)	(1 214 043)
-	(865 041)	(865 041)	Stormwater Management	-	(680 206)	(680 206)
16 711 793	(14 916 225)	1 795 568	Water	19 774 097	(15 081 789)	4 692 308
195 457 635	(187 857 320)	7 600 315	Sub Total	232 393 045	(210 628 587)	21 764 458
-	-	-	Less Inter-Departmental Charges	-	-	-
195 457 635	(187 857 320)	7 600 315	Total	232 393 045	(210 628 587)	21 764 458

APPENDIX E
BERGRIVIER MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2013	Correction of Error	Restated Balance 30 June 2013	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2014	Unspent 30 June 2014 (Creditor)	Unpaid 30 June 2014 (Debtor)
National Government Grants											
Equitable Share	(2 309 000)	2 309 000	-	24 815 000	-	-	(24 815 000)	-	-	-	-
Finance Management Grant	-	-	-	1 300 000	-	-	(1 283 598)	(16 402)	-	-	-
Municipal System Improvement Grant	-	-	-	890 000	-	-	(742 064)	(147 936)	-	-	-
Municipal Infrastructure Grant	-	-	-	21 331 000	-	-	-	(16 475 183)	4 855 817	-	-
Expanded Public Works Programme	-	-	-	1 000 000	-	-	(1 000 000)	-	-	-	-
Total National Government Grants	(2 309 000)	2 309 000	-	49 336 000	-	-	(27 840 662)	(16 639 521)	4 855 817	4 855 817	-
Provincial Government Grants											
Housing	(161 702)	-	(161 702)	8 211 833	-	-	-	(6 101 678)	1 948 452	1 948 452	-
CDW Contribution	-	-	-	32 800	-	-	(32 800)	-	-	-	-
Housing Consuming Education	31 842	-	31 842	-	-	-	(25 693)	(1 670)	4 478	4 478	-
Finance Management Grant	101 942	16 651	118 593	1 050 000	-	-	(938 119)	(14 163)	216 310	216 310	-
Proclaimed Roads	-	-	-	53 000	-	-	(53 000)	-	-	-	-
Development of Sport and Recreation	-	-	-	405 000	-	-	-	(405 000)	-	-	-
Mandela Memorialisation Support Grant	-	-	-	100 000	-	-	(100 000)	-	-	-	-
Library Services	-	-	-	4 018 000	-	-	(3 871 396)	(146 604)	-	-	-
Total Provincial Government Grants	(27 919)	16 651	(11 268)	13 870 633	-	-	(5 021 008)	(6 669 116)	2 169 241	2 169 241	-
District Municipality											
West Coast DM - LED	46 952	-	46 952	-	-	-	(4 800)	-	42 152	42 152	-
Total District Municipality Grants	46 952	-	46 952	-	-	-	(4 800)	-	42 152	42 152	-
Other Grant Providers											
Lotto: Piketberg Sport Field	(535 154)	42 154	(493 000)	493 000	-	-	-	-	-	-	-
Total Other Grant Providers	(535 154)	42 154	(493 000)	493 000	-	-	-	-	-	-	-
Total Grants	(2 825 121)	2 367 805	(457 316)	63 699 633	-	-	(32 866 470)	(23 308 637)	7 067 210	7 067 210	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received.